



POLITICAL SCANDALS : 1986-95

A Select Annotated Bibliography

DISSERTATION

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BY

ASMA KHAN

Roll No. 95 LSM - 04

Enrol. No. W - 6063

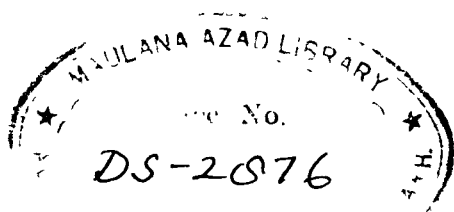
Under the Supervision of

MR. S. HASAN ZAMARRUD

(READER)

DEPARTMENT OF LIBRARY AND INFORMATION SCIENCE
ALIGARH MUSLIM UNIVERSITY
ALIGARH (INDIA)

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*Dedicated To
My
Loving Parents*

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ACKNOWLEDGEMENT

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[ASMA KHAN]

AIM AND SCOPE

The age of scams is in and that of sagacity and honesty is out. Scandals have a hurtful effect on Indian political and economic system. For some time India has experienced liberalisation of corrupt practices being adopted by politicians. Political crises or scandals in our nation have no end. Our country has been wracked by a number of political scandals. The most infamous of which were Bofors scandal, Hawala case, Securities scam, St. Kitts and Sugar scandal. These corruption cases are curse for Indian democracy. Political scandal is like a canker eating into the roots of society in India.

This bibliography deals with current situation of Indian politics and also provides the relevant information on the implication of political scandals on Indian scene.

The present dissertation in the form of annotated bibliography resembles together all the significant literature dealing with "Political Scandals 1986-95" (Bofors, Hawala, Securities, Sugar and St. Kitts Scandals). An attempt has been made to cover this topic as comprehensively as possible.

The preparation of this bibliography of 218 articles on "Political Scandals 1986-95", will be useful and helpful to all those who have some interest in Indian politics.

Part one deals with the introduction of the topic. Part two which is the main part of the present displays consists of bibliography of 218 articles on the topic. Part three deals with author-title combined index.

METHODOLOGY:

To collect material on the topic, secondary sources such as Guide to Indian Periodical literature (Delhi Library Association) and Index India (Rajasthan Univesity, Jaipur) were consulted to find out the location of primary sources which included periodical articles, editorials in the newspapers, etc.

The titles of the periodicals used for compiling bibliography are given in the form of a list in the last part.

STANDARD FOLLOWED: The Indian standard recommendations for bibliographical references (IS: 2381-1969) for each entry of the bibliography and classified catalogue Code (CCC) of Dr. S.R. Ranganathan have been followed for choice and rendering of authors and criterion. In some cases where ISI don't give any guidance I have taken appropriate decision on my own.

The items of bibliographical references for each entry of periodical are arranged as follows:

- a. Name(s) of author(s) followed by full stop.
- b. Title of article including subtitle, if any

SCANDALS, BOFORS, ROLE GOVERNMENT

SCANDALS, BOFORS, ROLE, HINDUJAS, ENQUIRY, CBI

SCANDALS, BOFORS, ROLE, JPC

SCANDALS, BOFORS, ROLE, JPC and CAG

ARRANGEMENT: An entry is preceeded by subject heading in capitals and this is arranged alphabetically.

The entry begins with Entry Element (i.e. Surname) of the author in capitals followed by secondary element (i.e. forename) in paranthesis using capital and small letters and then the title of article including subtitle (if any) then name of periodical being underlined, its volume issue number, year month and date of publication giving by using inclusive notation of the articles. Then each entry followed by an informative abstract of the article.

SAMPLE ENTRY:

211. ANUP JAYARAM. Bitter buck stops now where? Business World. 14, 20; 28 Dec 1994 - 10 Jan 1995; 62-66.

EXPLANATION: This article is taken from the periodical "Business World" which entitled as "Bitter buck stopsnow where" written by "Anup Jayaram" in 20th number of 14th volume of the 28 December 1994 - 10 January 1995, on the pages from 62 to 66 against this entry.

- c. Title followed by full stop (.)
- d. Name of the periodical being underlined.
- e. Name of the periodical followed by full stop (.)
- f. Volume number followed by comma (,)
- g. Issue number followed by semi colon (;)
- h. Year of publication followed by comma (,)
- i. Month of publication followed by comma (,)
- j. Date of publication followed by semi colon (;)
- k. Inclusive pages of the article followed by full stop (.)
- l. The relevant bibliographical details were recorded on 5" x 7" cards, after searching the literature. The primary sources were consulted in the following libraries and seminars:

Coaching & Guidance Centre, A.M.U., Aligarh.

Indian Institute of Public Administration (Delhi).

Maulana Azad Library, A.M.U., Aligarh.

Supru House Library (Delhi).

Seminar, Department of Commerce.

SUBJECT HEADING: Attempt has been made to give co-extensive subject heading as much as possible. An humble effort has been made to follow 'postulates' and 'principles' given by Dr. S.R. Ranganathan in the formation of subject headings, these are arranged strictly by the principle of alphabetical sequence. The general pattern of subject headings used in the bibliography is as follows:

PART - ONE

INTRODUCTION



Introduction:

Corruption in all societies is as old as the power itself. It is therefore, common in all countries, irrespective of their stages of development. However, its nature, volume, and dimensions differ largely from country to country and from one environment to another. Naturally, India (the largest democracy in the world) is not free from the evils of political bureaucratic corruption.

India inherited a legacy of corruption from its ancient rulers who always expects some gifts (in the form of nazrana) from their subjects. One of the important aspect of the employeys function in those days were to milch the common folk to enrich the treasury of the rulers.

Consequently, in India, corruption has become a social phenomenon. It is widespread and is found increasing at a fantastic pace in India, bribes, commissions, under the table payments, and gifts are no longer frowned upon, and even subtle ways have been discovered to legitimise them as a part of normal lfie activities. In short such an ethos has been created in the society that corruption has ceased to be regarded as to crime any longer.

Political Corruption: Political corruption is thus, one of the species of wide-range, multi-dimensional nature of corruption but it can however, be distinguished from other

categories of corruptions. Broadly speaking, political corruption is the misuse of political power for private profits. In political corruption, money enters as a secondary factor in the anatomy of corruption. Political corruption implies corrupting the political life of a nation at all levels. In its broader aspect, it seeks to politicise all walks in life and in its narrower sense legitimises unholy political actions for benefiting vested interests whether personalised or institutional.

Political corruption in Modern India: More than a decade ago Indira Gandhi called corruption a global phenomenon. Since then, tolerance for corruption seems to have declined somewhat. Political corruption is a live issue the world over and the cases are being pursued in all continents. A time has come when India can no longer ignore these subjects. The fact of political corruption has been accepted as an inevitable part of democracy, but a stage without has come to prove that there can be democracy without corruption.

The Indian Parliament is non-functional. The newspapers are listing and commenting on dozen of corruption cases and scandals in recent years. The political process in democracies, as in India is run through political parties. They are the ones who make the maximum noise on corruption in high places. It is always opposition which brings to light scams and scandals.

For some time now, India has been involved in a political crises. The situation has been made much worse by recent events which have shown that almost every political party in the country is infested by corruption.

Characteristic Features of Political Corruption in India:

1. Political corruption corrupts the entire body politic whether individuals, groups, institutions, or political process.
2. Political corruption implies exercise more of pressures and influence than the use of money power.
3. Political Corruption makes easy headway in a land of economic inequalities, social backwardness and more decline.
4. Political corruption uproots all political systems but it off-shoots particularly destroy democracies in developing societies.
5. Political corruption in India has its roots in the colonial and feudal order which is reflected even today in the functioning of Indian political system It has maintained a continuum despite the change in political elits and leadership.
6. Political corruption in India has promoted political patronage as against establishment of social and economic norms.

7. In India, the continued existence of 'practically one party rule', the unconvincing opposition and political apathy of the common man have provided unintentional support to the phenomenon of political corruption.

Political corruption has specific norms and goals; owns its structure, and manifests particular pattern of behaviour which is much different from other types of corruption, such as social, economic, legal, though it may look identical with them in some of its aspects and ramifications.

Thus, political corruption has made easy headway in such societies which become suddenly democratic from a feudal authoritarian background without imbibing moral, social and economic values which could have worked as a bulwork against political deprivations.

Roots: Political corruption has its roots in our electoral system which is a duty-free import from the West. It is the system of use of money for influencing the voter that breeds corruption. Money was needed to run political parties even during Gandhi's days.

Indian political system has its root in elections in latter constituting, so to say, power house. A candidate contesting parliamentary seat spends more than a crore rupees. The ceiling on spending imposed by the Election Commission never works as there are so many loopholes to circumvent electoral rules. Where does the money comes from? From interested parties that stand to gain, politically and economically. It comes mostly from industrial houses, national and transnational.

Naturally, the winning candidates has to redeem his obligation to the financier when he comes to parliament, in the form of favors, concessions, licences etc. and the nation's money is ploughed back into the business tycoons' fortunes. If expenditure is cut, corruption in political life is half eliminated. The idea may sound utopian, but

that is the only the way out. Not is corruption a purely governmental phenomenon. The trade union hierarchy is only scarcely less vulnerable, its members not hesitating to demand bribes for getting done the work of the individual employee and even of the employers. This is perhaps equally true of voluntary organisations. The purchase officer in a private organisation is as corrupt as the administrative head in academic organisation. Corruption, in short, has become horizontal and modern India seems to be floating on it.

Scandals: When a politically sensitive issue is governed by an irrational policy and regulated through an army of bureaucrats, as scandal of huge proportions is almost inevitable.

India's political regime has gone through a series of political cases. The most notorious of which in recent years were the Bofors, the St. Kitts the banks-cum-share market case, the sugar scandal etc. These corruption cases have reached their high water mark in the Jain Hawala case.

It is the widely held view that many top politicians holding important ministerial post lack honesty and any spirit tarnished after the mega scandals, like the 'Bofors' deal the bank securities scam, sugar scandal etc.

Consequently words like 'Bofors' denoting high level corruption, and 'Scam' meaning financial scandal have entered into our common vocabulary.

From St. Kitts episode to the Hawala kand with a quite a few in between taken together and similar other recent developments have proved beyond any doubt that by and large our country is ruled by 'gentlemen' crooks, criminals, corrupt to the core and even scoundrels.

Indian voters have long believed that all politicians regardless of party affiliation, are crooks. If politicians can earn crores through dubious deals with Bofors or notorious Bombay Stock Brokers, what is wrong with common people making a few thousand or lakhs? It seems that bribery whether elevated to the status of 'commission' or looked upon as endorsement in the form of a legal enactment, to be framed in the usual ambiguous terms that mark in our legislation. Corruption is an instrument of transfer of resources from the common man or the people to the rich and the powerful. It an urgent import of sugar is inordinately delayed so that sugar mill owners profit by its scarcity, commodity management, procurement policies and price flaxation in respect of agriculturalment products have generally been carried on by corrupt administrators incollusion with industrialists and stockists.

on account of allegations of involvement in financial scandals as also on account of alleged links with the underworld.

India has been wracked by a series of scandals in recent years. There have been scandals before and the Bofors pay-off was much larger in financial magnitude. In terms of figures, the fraudulence in respect of securities transactions during 1991-92 was gargantuan. Going by what has happened to the Bofors kickback and the massive irregularities in the securities transactions, it would be somewhat ambitious to expect a total exposure of the political connection to a transaction. Will the buck stop with persons who actually handled the deal?

Scandals in India have no end. A new one breaks out every third day. Scam and scandals have proved that for democracy to remain vibrant, it needs to be watched everyday. The bureaucrats, indeed, can pull the nation out of the guagmire of corruption and nepotism it has got stuck in because of motivated decision by dishonest politicians. The scam has inflicted a crippling financial loss on many individuals and organisations. In the hurry of nail the offenders some innocent persons have been trampled upon while many of the guilty have escaped with impunity. The most important fact of political corruption in India is that no Indian minister or politician has ever been jailed for taking bribes.

The Bofors scandal, security scam, the sugar muddle etc. have raised a hue and cry in our country. Corruption has a detlitterious effect on all streams of Indian life, including the defence sector which is vital for the nation's security. On the question of economic development, the Indian political system has once again proved its poor accountability. From Harshad to Hawala the nation has experienced libralisation of corrupt practices being adopted either by businessmen or politicians. Kickback, racket, underhand deal, scam, scandal, tips etc. are few common manifestations of corrupt practices in the business world that need not demand justification. Corruption is a global phenomenon. The concern that the globalisation of business can also result in the globalisation of corruption and that Indian firms accomodate scams and scandals without any noise is not an unusual phenomenon.

When a study ranked India as the third most corrupt country in the world, there was no sense of shame or remorse among the political elite of the country because taking money for favours seemed almost to be the right of the elected leaders.

The sea of corruption in Indian politics runs deep. The image of the Indian politician today has nose-divided

Solution: What clearly emerges that generally nobody bothers about corruption and misuse of authority and the CBI is brought in only in certain cases. This agency remains busy alright and cannot possibly check all the acts of commission and omission of different members of the bureaucracy.

This happened in respect of the Bofors kickback, the securities scandal and the sugar import controversy. In all these cases, the PMs either sought to push things under the carpet or jeopardised the investigation. When there are grave allegations of corruption against Central Ministers, and nothing is being done about these, not many would feel very confident about the PM's acting through Ministerial Department calls being able even more so, willing to take summary action against corruption officials and Ministers.

Hard decisions are needed to curb, it not eliminate, corruption, India's foremost problem. First and foremost the political culture of India must change if corruption is to be dealt with very firmly. Elections must be made cheap, at any rate substantially less expensive than what they presently are. Indeed, electoral reform is essential if the society desires a politician with a different orientation to emerge. Tide with electoral reform is the need for reform in the management of the

political parties. Political parties of the land must be brought under a measure of public discipline. They must be obliged to maintain their accounts which must be audited and made public. Thirdly, the society should make politics less glamorous and take some gloss off it.

Conclusion: We can only hope that with more educated and committed people entering politics, a more mature, responsible relationship will prevail between politicians and bureaucrats, this is the desperate need of the hour to overcome the prevalent moral decay and work towards a meaningful future for India.

Besides, the country must set up a permanent machinery to check corruption including the political one. But all this is possible only when there is firm political and bureaucratic will to view corruption as a malignant growth and to rid the society of it. The menace of corruption does not have any instant solution. It cannot be removed by a miracle or a gimmick.

Introduction: Bofors is no longer an issue just about corruption. It has to do with dignity of a nation. There have been scandals before and the Bofors pay-offs was much larger in financial magnitude. The Bofors kickback scandal has brought the Defence Services into the vortex of a sordid political controversy. It was only the Bofors scandal which tore off the veil because of the publicity given to this matter by Swedish radio and press.

Origin of Scandal: The Indian contract for the purchase of Bofors artillery system FH-77B and its licence production, worth 8.4 billion kroner (Rs 1,705 crore), was not only the largest contract ever signed by Bofors, but also the single largest signed by the awarded to Swedish industry, apart from being the largest signed by the Rajiv Gandhi Government. The Indian howitzer purchase is one of the most fiercely - contested and high-stake deals in recent times. Initial negotiations started in 1977 when the Indian Ministry of Defence, reacting to reports that Pakistan was acquire American-made 155 mm howitzers, sought information from Bofors and six other manufacturers on 155 mm artillery systems. By early 1981, the field had been narrowed down to four competitors - the Bofors FH-77B, the British-German-Italian FH-70, the Australian GHN-45 and French GIAT 155TR. Bofors was asked to bring the howitzer to India for field trials in the first half of '81. By '85, the field had been further narrowed to only two

systems - the Swedish and the French. In March '86, the contract was awarded to Bofors, two months after the then Swedish premier Olof Palms had visited New Delhi a month before his assassination and made a personal plug for company. The Bofors contract also benefited a number of other Swedish companies including Saab-Scania for the low vehicles, eab for the sights, Barracuda for the camouf. lag nets, and Bofors subsidiary lindesbergs Industri AB and the state-owned FFV for the ammunition. Moreover, a recent article in the authoritative Jane's Defence Weekly states that Bofors had acknowledged that the value of the Indian deal is far above the US \$1.8 billion (Rs 2,316 crore) initially quoted by the company. The actual figure given out by Bofors is in excess of \$ 3.5 billion (Rs 4,504 crore), which makes it the largest single order in Indian history. Originally, Bofors and the Indian Government had indicated that the agreement was for supply of 400 howitziers.

Bofors: 400 field guns, entailing a total expenditure of "over Rs 2000 crore" as the CAG estimated were purchased under a contract with Swedish firm Bofors signed on March 24, 1986. A year later, on April 16, 1987, Radio Swedish blew the whistle. It alleged that Bofors had won the contract by bribing "Senior Indian politicians and key defence figures through secret bank accounts". In all Rs 255.78 crores were to be paid. The government instantly dismissed these charges as "false, hopeless and

mischievous". What has emerged since has confirmed the fact of payment of kickbacks. Only the identity of the actual recipients remained to be proved. The matter was referred to the Swedish National Audit Bureau (SNAB). Two years later the CAG's report lameted that while the Swedish government took this course the government of India did not ask for a "full audit" by CAG "as suggested by the Indian Mission in Swiden".

The SNAB reported on June 1, 1987 that Rs 35 to 30 crores were indeed, paid by Bofors in Swiss account auowedly as "winding up costs". In April 1988 the JPC's report took the figure to Rs 64 crores. It cheerfully accepted the "winding up costss theory". No o__ne regards the report as any thing but eye wash. The report was signed on April 22, 1988. That very day The Hindu published documents which knocked the bottom out of the JPC's report. They proved to hit that Bofors had paid commissions proper. Admittedly, according to the JPC's report Rs 64 crores were paid in all to three front companies Rs 40 crores to Svenska Inc. of Panama; Rs 14 crores to Moresco - Moineao Pitco, Geneva and Rs 10 crores to A.E. Services Ltd., London. The documents showed on irrefutable connection between Bofors and Pitco and between Pitco and a Hinduja concern in London, Sangam Ltd.

The Hindu published more documents, Full texts of agreements between Bofors and each of these three

companies as well as with its agents win Chhadha in New Delhi were published. Besides details of payments Chadha's links with Sevenska were proved. Two facts of cardinal importance emerged from the mass of documents.

(a) Bofors paid commission to three companies which were linked firmly, regularly to payments by the government of India to Bofors; and

(b) Between November 15, 1985 and January 2, 1986 all four - the three companies and Chadha signed "settlement agreements", with Bofors in full confidence of Bofors bagging the contract, which it did on March 24, 1986. They received money from Bofors. Its pretext of "winding upcoasts" was exposed as false. None of the companies could have rendered any recognisable service as "consultants". The accord with A.E. Services on November 15, 1985 ripped the mask off. The agreement was to end "automatically on April 1, 1986, if at this date the contract for the project has not been issued no renewal of this agreement has been affected in writing by the parties. The CAG's report has brought out the haste with which the Bofors contract was signed on March 24, 1986 besides, of course, the flaws in the financial and technical evaluation.

The Bofors disclosures were made by the National Swedish Radio, which chared the payments worth 33 million Swedish kroner (approximately Rs 6.6 crore) had been made to an Indian source. According to the radio station's

current affairs programme Dagens EKO (Daily Echo) - 29.5 million kroner was paid in three payments made in November 1986 and a fourth payment of 2.5 million kroner was made in December 1986, into four Swiss bank accounts. The code name for the transfer was "Lotus". According to the radio, Lotus was the code name for two payment made in 1986 totalling under SEK 40 million - one to the Societe De Banque Suisse (Swiss Bank Corporation) and other to the Hanover Manufacturers Bank, an American Bank.

In India, the investigations conducted by various law enforcement agencies - including raids on the offices of arms dealer - have often given the impression of being a damage control exercise and not a full-fledged attempt at ferreting out the truth. Even when the government's sleuths have gone abroad, chasing various hot trials, they have invariably come back empty - handed and shown no great frustration at having run into blind alleys. At one stage they showed unusual concern in getting good conduct certificates for Rajiv and his friends.

The Indian Government has been given two names by the Swedish journalists who are involved in the story. One is Win Chadha, a Delhi-based arms dealer who represents a number of companies abroad, including Bofors. Chadha has denied that he received any payments, and claims he stopped representing Bofors in 1985 after the agreement between Rajiv and the then Swedish premier Olof Palme,

that no middlemen would be involved. The other name given is that of Commander M.R.A. Rao, who used to represent Bofors in the late '70s, but retired from the arms business after Chadha's appointment.

For the first time since the Rs 64 crore Bofors pay-offs scandal surfaced in connection with the Rs 1,700 crore howtizer gun deal, the Indian Government had decided to launch criminal proceedings. The targets were senior Bofors officials, Indian civil servants and middlemen associated with the contract finalised between Indian and Bofors March 1986.

The main thrust of the criminal case is:

- That the Central Government had been cheated by certain Bofors officials.
- That some Bofors and Indian officials hatched a conspiracy to deprive the Central Government of revenue.
- That there was an attempt to forge and backdate documents to cover up the trials leading to the pay-offs recipients.
- That some people made illegal financial gains and there was a breach of trust.

According to the government sources, the criminal cases have been drawn up in a manner that will compel both the Swedish and the Swiss governments to respond. Though

most of the pay-offs were made into secret bank accounts in Switzerland, the Swiss Government had so far refused to cooperate on the grounds that the Indian government has not made any criminal complaints to which Swiss law could give requisite cognisance.

The onus for investigating the case fell on the CBI, for over three years, it had been accused of shielding the culprits, and globe-trotting in a wild-goose chase.

Though the list of persons likely to be charged yet to be finalised, the CBI has decided to make Martin Arabo, former managing director of Bofors, the main accused along with Win Chadha was the main agent in India. Pitco, Moresco and other offshore companies co-accused.

The evidence has to stand scrutiny in a court of law. Bofors that the Government has to cross other hurdles - locating Win Chadha and getting Martin Arabo to comply with the summons to present himself before an Indian court. Chadha and his son have left the country. Moreover, the Swiss Government may only agree to part with information after the accused are found guilty.

Role of Rajiv Gandhi's Government An ominous stage has been reached in Indian politics a danger signal for our democracy. General Sundarji's bombshell disclosure about the Prime Minister's refusal to turn the screw on the Bofors to disclose the names of the recipients of the Rs 64

crores kickback in the deal, stunned the Rajiv establishment as it had so long been banking largely on General's preference for the Swedish Bofors howtizer gun in his last moment switch over from the equally high quality French Sofma gun. The other political parties had also trained their guns at Rajiv Gandhi.

No Prime Minister had ever gone over the hill to such ridiculous lengths, no matter how critical a situation he had been placed in even Parliamentary Affairs Minister HKL Bhagat officially kept reminding the nation the importance of an effective their Lok Sabha seats on the Bofors deal issue following the tabling of CAG report in Parliament.

Indo-Swedish Relation: Swedish armament giant Bofors may be allowed to resume deliveries of its contracted spares and ammunition to India seven years after they were suspended. Bofors has repeatedly asked the Indian government to allow them to deliver these items for which New Delhi had fully paid 8.4 billion Swedish kroner in 1987. The supplies were suspended because of allegations that bribes were paid to Indian politicians. The entire Bofors-India scandal is a needless deterioration in Indo-Swedish politics and trading relations.

Role of V.P. Singh: In India, the person who finally scored against his adversaries in the government and his own party, was Rajiv's former finance minister Vishwanath

Pratap Singh. Hounded out of the cabinet after he ordered a probe into defence contracts Singh's stand seemed vindicated by the Bofors report. His position was further strengthened when the Government sent a four-member team of banking and legal experts, headed by the Deputy Governor of Reserve Bank of India Amitabh Ghosh, to Switzerland to obtain information about secret accounts held by Indians.

Role of CAG: The constitutional sentinel controllerate the nation in the CAG (Comptroller and auditor General), such institutions play a key role in most democracies with built-in mechanism against prodigality the degree of terrorism practised by party fanatics sycophantic critics and their tantrums when some of the horrendous deficiencies in the Bofors deal surfaced in the CAG's paragraphs.

The CAG on the 155 mm towed gun system and ammunition - better known as the Bofors report - was certainly one such, considering that in Central and Northern India the non-Congress-I parties made the Bofors kick-backs the major plank of their election campaign.

Any report by the C&AG on a transaction already scrutinised by a JPC is bound to raise issue of their status, and of jurisdictions, and of the propriety of C&AG's commenting on such an issue at all.

Conclusions: To sum up, enormous amounts were paid secretly to persons whom Bofors refuses to name, the Government of India makes no attempt to identify them; takes no action on the Hindu documents; gives contradictory explanations and avoids independent investigation. This is scandalous.

Hawala: Scandals have rocked this nation before. But no scandal has ever created pandemonium sweeping across the entire political establishment as the Jain hawala pay offs have done. The multimillion-dollar money laundering and bribery scandal that broke in India in mid-January 1996 hit the country's political establishment with the force of a nuclear blast.

India, has been wracked by a series of scandals in recent years. The hawala case which has led to an earthquake in the political life of the country has also give an opportunity to cleanse public life which has indeed reached very low depths.

Hawala is a Hindi word which means transfer of property or information via a third party of fiduciary. Hawala banking is increasingly used for laundering drug profits from the entire subcontinent. In India, these slush have been used for political purposes by many misguided politicians.

Hawala is the illegal operation in which dollar payments are made abroad in exchange of rupees paid in India and vice-versa. The case is of corruption.

The Hawala transactions mainly deal with illegal exchange of various currencies and amassing huge amounts, them in concerned cases as bribes for availing of certain

financial benefits, concessions, licences, clearance of certain schemes etc.

The nation is observing Republic Day in the midst of the stinking scandal of ministers and officials having taken bribes from the hawala king S.K. Jain and his brothers. The hawala scandal is removing the viels one by one of the nexus between certain sections of Indian big business, the multinationals and the political bureaucratic segments.

The Hawala scandal has many parallels with Bofors case that shook the country's political establishment in the late 1980s. To begin with, both basically relate to corruption at the highest level involving senior politicians. Using the Hawala money laundering route, a middling businessman, Surendra Jain, and his associates managed unwillingly to net on astonishing collection of political bigways drawn from every part of the national political spectrum harring the heft.

Origin of Hawala Scandal: That the Hawala has its origin in Kashmir is beyond doubt. It was on May 3, 1991 when it came to the knowledge of CBI. The story began with the arrest of two Kashmir militants in New Delhi that ultimately led the CBI sleuths to unearth the Jain diary. The payments have been recorded in the Jain diary from 1988 to 1991. But the fact is that hawala racket has been going on for last many

years. The scandal pertains to payoffs of politicians and bureaucrats. The evidence comes in the form of a diary. Generally, it is very difficult to prove such corruption cases. But this particular case is quite different because it has a smoking gun evidence. This is some thing that can not be wished away. A diary with the names of all the beneficiaries is seized by the CBI in front of witnesses and later on the case goes on the court. There at every stage the authenticity of the diary is proved. In terms of money it involves Rs 65 crores. It is the nature of the proof that makes it one of the most significant scandals of our time.

For a country that has become notorious for a scam a day and which has reached the top of the global corruptometer, that hawala a scam should not have taken five years to get unravelled. The police arrested two Jain brothers and in a raid on their house found two diaries, two notebooks and two files. The main actors of the hawala - the Jain and Bhilai Engineering - were most active in the power sector. The Jain diaries provide a detailed road map of how multinationals suborned the power sector.

More than a decade ago Indira Gandhi called corruption a global phenomenon. Since then, tolerance for corruption seems to have declined somewhat. All this has its origins in the so-called Jain diaries. These were

unearthed as far back as in 1991, in the course of the CBI's investigations into the hawala networks. A tip off from a hawala operator led to a raid on the premises of on S.K. Jain, a minor businessman. The diaries contained the names of various politicians, virtually from every political party and bureaucrats - past and present - to whom payments had been made. Out of 114 names CBI has so far identified about 70 persons, often identifying the recipients by initials. The CBI indictments indicate that some of these payments were made in return for favours, particularly power contracts.

The Jain diaries which meticulously document a trail of pay offs to political heavy weights and public servants over many years, are a unique document of corruption in high places. The reliability of the Jain diary entries is regarded by the CBI as exceptionally high. The diaries, small notebooks and files are as good as books of account so far as the payments totalling Rs 65.47 crores are concerned. The payment are recorded in different periodwise calculations.

The payments fall into three broad categories, depending on the type of recipient according to the language adopted in the files: 'Departmental Expenses' (that is, bribes to bureaucrats, officials and so on), 'Political Expenses' (illegal payment to politicians) and

'Other Expenses' (payment to family members, friends, business associates and so on).

Though the amount involved was not as big as in the previous scandals that have rocked the nation in the last few years, the Rs 65 crore. Jain Hawala scandal has given the biggest shock to the Indian political system. The CBI has based its investigations on the nothings made by the Hawala dealers in their diaries investigations have disclosed that from 1988 to 1991, accused S.K. Jain & J.K. Jain entered into a criminal conspiracy with the object to receive unaccounted money to disburse the same among themselves and also to their companies, close relatives, friends and various other persons including the public servants and political leaders. The circle of shared complicity was broken on January 16, 1996.

If it is diary entries which have so far provided grist to the nation's biggest political scandal mills, it could be the turn of computer floppy discs next. It was on May 3, 1991, that S.K. Jain's meticulously maintained diaries, detailing payments to important politicians and bureaucrats, were seized by the CBI. Four years later, it now transpires, the central figure in the hawala scandal not only continued with his generous payouts, but also kept a record of them. In the course of inter-mittent raid on S.K. Jain's Delhi premises, the Directorate of

Enforcement (DOE), on January 15, 1996, also raided his cousin Anil Jain's New Friends Colony residence. What was a shot in the dark by DOE officials ended up yielding rich results.

The most vital piece of evidence was found hidden in a wardrobe in Anil's bedroom: a sealed packet containing three computer floppy discs. Anil told the DOE under oath that the items belonged to S.K. Jain, but it was only after S.K. Jain's interrogation on January 18, 1996 that the DOE team managed to crack the code and procure print outs of the floppy discs.

They contains details of transactions relating to S.K. Jain's undisclosed income in the period July to December 1995. Maintained with coded debit and credit entries, the printouts are evidence of receipts from foreign and Indian sources and payments to S.K. Jain's company, family and various Indian courts.

But the entire process of establishing the authenticity of these floppy discs, their subsequent evidentiary value in court and decoding the entries and the exact amounts that the figures denote is expected to take a while.

What puzzles the investigating agencies is that S.K. Jain continued to make payoffs and receive illegal funds till as recently as December last year. Reinforcing this is

fresh evidence unearthed by the DOE in the course of additional investigations, which indicate that S.K. Jain was in contact with Ameer Deen Habib - better known as Amir Bhai, the man through whom the Jains procured nearly Rs 47 crore from abroad between January 1988 and April 1991 - till as recently as December 1995. The evidence:

-- Telephone bills for December 1995 recovered from Anil Jain's house showed overseas calls to Hong Kong, Dubai, Singapore and the US. Among these calls two - made in September 15 and on November 23, 1995 - were to a phone number in Hong Kong (No. 008272-11049). The DOE has discovered that this number belongs to Amir Bhai, who's staying at Peking Road in Kowloon, Hong Kong. It is reliably learnt that while Anil told the DOE that the calls were made by S.K. Jain, the latter refused to answer any specific queries regarding the Hong Kong calls.

-- During a surprise raid on S.K. Jain's office chamber at Masjid Moth in Delhi on March 3, 1995, the CBI seized a diary which provided more clues to the DOE. The diary had an entry marked under February 4, 1994, which said: 5 crore - Amir Bhai'. Asked to explain the entry under oath, S.K. Jain is said to have admitted to having made the entry but he was "unable" to read the words after '5 crore'.

When the CBI, under the prodding of the Supreme Court, summoned the will to file chargesheets in one of the

biggest known payoff scandals in recent history. And the breach widened on February 22, 1996, when under the pressure of another judicially imposed deadline, the CBI filed 14 more chargesheets against political heavy weights from various parts of bourgeois spectrum.

The Narsimha Rao government at the Centre has been branded as a pack of corrupt politicians who have accepted bribe running into hundreds of crores. The Jain hawala case has exposed the discredited, besides the ruling party, most of the political parties of the country and their leaders, except the communists. And that is only the tip of iceberg of corruption. In the wake of the CBI filing chargesheets against top politicians more are likely to follow, some central ministers and party leaders have resigned their posts. But most of them are clinging to position of power, the prime minister being no exception.

A number of ministers serving in the Rao Government, some leading opposition figures including BJP Chief Minister Madan Lal Khurana of Delhi (Rs 3 lakhs), the dissident Congress 'Narain Dutt Tiwari (Rs 25.88 lakhs), and Janata Dal's former president S.R. Bommai (Rs 52 lakhs) are virtually guaranteed entry into the honours list of the indicted in the near future. Among serving Union Ministers, the scrutiny report of the CBI identifies Buta Singh (Rs 7.50 lakhs), Kamal Nath (Rs 22 lakhs), R.K. Dhawan (Rs 50 lakhs), Pranab Mukherjee (Rs 10 lakhs), A.R. Antulay (Rs 10

lakhs) and Rajesh Pilot (Rs 10 lakhs) among the recipients of the Jain's pay-offs. Then there are past stalwarts of the Narsimha Rao Ministry, such as C.K. Jaffer Sharief (Rs 15 lakhs) and Ajit Panja (Rs 5 lakhs) who have left a trail of illegal gratification in the Jain diaries. The list of recipients includes Arun Nehru (Rs 35 lakhs), K. Natwar Singh (Rs 23 lakhs), Ashok Kumar Sen (Rs 20 lakhs) and 'Madras' (Rs 50 lakhs). the serving Governors are Motilal Vora (Rs 11 lakhs) and P. Shiv Shankar (Rs 26.94 lakhs).

Where the BJP is concerned, the charge-sheets against party President L.K. Advani (Rs 60 lakhs) and thenewly anointed Bihar State leader Yashwant Sinha (Rs 21.1875 lakhs) could be only the beginning of their travails.

The list of the dead is headed by 'RG' or Rajiv Gandhi (Rs 2 crores direct plus Rs 10.5 crore shown under 'Political Expenses' in the name of Lalit Suri). The list includes Chimanbhai Patel (Rs 2 crores), Dinesh Singh (Rs 10 lakhs), R. Gundu Rao (Rs 15 lakhs) and Chandulal Chandrakan (Rs 5 lakhs).

In fact, it took a public interest litigation-filed in the Supreme Court by journalists Vineet Narain and Rajindra Puri on October 15, 1993 - and subsequent prodding by the Court, for the CBI to register a case under the Prevention of Corruption Act against the jains on March 4 , 1995. The CBI's recent action has some gaping holes is

further established by the fact that many others named in the diaries - for instance, R.K. Dhawan, Jaffer Sharief, Kamal Nath, Arvind Nath, Arun Nehru, Madan Lal Khurana, Sharad Yadav, S.R. Bommai, Rajesh Pilot and Bhajanlal - as having received payoffs from the charge-sheets. This discrepancy appears all the more glaring because the CBI has maintained all along that the diaries and file entries are authentic and are likely to be accepted as admissible evidence during trial.

The Supreme Court has already issued a warning in open court on January 16, 1996. In the words of Justice J.S. Verma who along with justice S.C. Bharucha has been monitoring the case: "If 10 people are named and you charge-sheet nine, leaving out even one. We will not be happy about it".

All the national political parties, except the leftist block, have been involved in the recent Hawala case. Names of more than a hundred political personalities have been found in the so-called famous Diary of Jains. Names of several important bureaucrats are also there. In this year of general election, action of CBI and its designated court on these persons may have impact on masses. All multi-million scams of Rao's regime have been overlapped by this Hawala case and prospects of all changers to leadership within the party have been irreparably

damaged. A corruption scandal engulfing Indian politics claimed fresh victims. Four more ministers of the central government resigned, joining in limbo the three charged earlier by the CBI. Since over a third of the Indian cabinet have now been formally accused of corruption one might expect the Prime Minister, Narsimha Rao, to be in some trouble. This firmly brazen, given the unshakeable reputation his party has for venality. But the hawala scandal has exposed other parties as venal too, and Mr. Rao may gamble that his best chance is to pose as a sinner, embracing reform.

The Congress (I), therefore, will a tough time in the present circumstances. While the Congress having been in power for long has the lion's share of corruption, other parties, whether of the left, right or centre are far from being from it.

Even though some of those indicted were members of his ruling Congress Party, Rao tried to build his anti-corruption credentials by saying he would ensure the investigation was impartial. The opposition has stepped up accusations that Rao too accepted money from businessman S.K. Jain, who is alleged to have paid 650 million rupees in bribes to politicians in ruling party and the opposition.

Corruption in high places will be the issue in the forthcoming Lok Sabha elections. It has been shown up that

among the corrupt are its own tallest leader. General election is on the door step and the peoples' court will give their judgements on these Hawala accused very soon.

S.K. Jain became the Indian capital's host with the most: his parties had the most booze, the most ostentation. To the prime ministers and top bureaucrats attracted to his side, this was just one more stop on the gravy train.

The Hawala episode gravely barred the Congress (I). The initial posture of the Congress was, that Congressmen including ministers who were given a chargesheet in the Hawala case could contest the elections, so long as the charges against them were not proved in the court. The High Command of the Congress finally took the decision that those under the Hawala cloud should not contest the elections. The decision against created a new wave of revolt among the Hawala tainted former Congress Ministers.

The hawala case thus makes clear that the danger of imperialism is not just an abstract one but a direct threat to a country's indigenous capability. Using the hawala for subotaging the national economy.

Public response to an allegation of corruption is as a rule taken as good as being corrupt, as the public does not normally has been so serious that Congress (I) has little hope of surviving as a political entity at all. The most important fact of political corruption in India is

that no Indian minister or politician has ever been jailed for taking bribes. Traditionally, transfer of money to and from India gains momentum before elections. While politicians want to convert their forex reserves outside the country into Indian rupees for campaigning purposes, NRIs and residents with links abroad want to convert large parts of their holdings of dollars. Bankers claim that even if the rupee is made totally convertible, hawala transactions will continue. The hawala pay offs have always been a glaring omission in every catalogue of corruption.

Securities Scandal: The country had never before witnessed a financial fraud of such a great magnitude which ran into several thousand crores of rupees that was siphoned out of the Banking system. Contrary to the General belief that scam was the result of a systematic and deliberate abuse of the system by inscrupulous brokers and Bank/PSU officials. It involved practically most of the leading Nationalised Banks, Public Sector Undertakings, Financial Institutions, Foreign Banks, Private Banks and Stock Market.

On the basis of the information received that some banks were undertaking large-scale transactions in government securities through the medium of brokers in the course of which they were violating the Reserve Bank of India's detailed guidelines issued to them in July 1991, RBI had started making enquiries into the securities transactions of some of the banks since January 1992. Therefore, the securities transactions of SBI were also taken up for scrutiny immediately. The Governor, RBI set up a committee on 30 April 1992 to investigate into the possible irregularities in funds management by commercial banks and financial institutions and Government securities public sector bonds and similar instruments.

The scam was about obtaining funds under false representation and deploying them in ways different from declared intentions. The cloak of secrecy surrounding,

securities transactions was another factor that contributed to the problems. A broker could approach a bank with a proposal to buy or sell a security but refuse to divulge the name of the counter-party bank.

Origin of Scam:The genesis of the scam began in 1988-89. Willing to risk exposure, the division even at that time was believed to be lending clean-jargon for lending without adequate securities-funds from portfolio management schemes (PMS) to corporate clients while PMS clients were offered yields ranging between 11 and 11.5 percent, lending was done at Mehta and his company deals.

From years ago, a Rs 4,024-crore securities scandal involving politicians, stock brokers, and bankers rocked the nation. The biggest in India's stock market history, starddling aboom that saw the BSE quardrupling its inded to 4,387 in the span of a year and mirroring that rise, Mehta's own portfolio of stock holdings gained in value by close to 10 times to an estimated Rs 2000 crore.

The CBI had accused Mehta, his brother Ashwin and eight others, including SBI Deputy Managing Director C.L. Khemani, of criminal conspiracy, breach of trust, cheating, forgery, bribery, using forged documents, and falsification of accounts under the Indian Penal Code and Prevention of Corruption Act. The prosecution counsel described it as "the biggest fraud in the history of the

country. And probably the world". According to reports a top broker and merchant banker involved in the scandal has taken Rs 500 crore out of the country.

Harshad's methods have not been altogether new. Only bigger in scope. SBI, like other banks wanted to buy bonds or securities issued by the Government - this was essentially debt paper issued by the Government to raise money for its expenses; banks were decreed by law to hold a certain amount - to meet requirements. Securities are bought and sold routinely, and daily transactions for the industry can be between Rs 1,20,000 crore and Rs 1,40,000 crore and are usually broked. Whether this was part of an earlier transaction - in which SBI sold a stand alone deal, is immaterial.

According to the official picture - Mehta found sellers in UCO Bank and NHB, among others. These banks then issued notes - called bank receipts or BRS - acknowledging the transactions. But securities they did not hold. It seems that by issuing receipts, the banks sold securities they did not own, a term called short-selling. Hoping that with new higher-yield bonds coming into the market, the prices of the bonds-low-yield ones-they had sold nationally, would go down. And when it would just be a matter of picking them up from the market at lower rates, making a clean profit. Things went illegal, according to government sources, when a covering letter

instructing SBI to pay Mehta directly for the securities was probably sent out by the seller banks. The accompanying covering letter and bank receipt - which was made out to the SBI - probably were not finally delivered to SBI - probably were not finally delivered to SBI. Instead, a bank employee falsely recorded receiving them. Payments were made by SBI on the basis of these records. The amount Rs 1,000 crore in the instance the scam broke.

This money was channelled into the stock-markets. He manipulated share prices by buying heavily into scripes, jacking up their prices. Then, he would use his inflated portfolio as collateral to raise money from banks to buy back an equal amount in government securities that was contracted for delivery to SBI, and use the seller bank - UCO or NHB - to have them delivered. The process could be roll on endlessly, with the amount increasing each time.

Till Mehta and the banks were caught out, it seemed to have been a win-win deal for all concerned. UCO and NHB were happy with the profits that occurred to them when the prices of the bonds they had short sold fell. SBI was happy since it did not lose anything but actual possession of a few securities from its massive Rs 17,000 crore government securities holding. And Mehta was happy with the money he got and used to raise his stake in the stock market.

The scam got caught out when the RBI sent sleuths to check books for discrepancies: there were too many banks selling securities they didn't have, and too many banks paying for securities they didn't receive. According to RBI Governor S. Venkitaraman, the secror's apex agency was scrutinising the treasury transactions of 17 public and private sector banks and three foreign banks - Citi Bank, N.A., ANZ Grindlays and Standard Chartered.

According to Finance Ministry soruces, in brokers' deals with banks - which diverted money from government securities trading - rules were broken.

For another, RBI guidelines say that brokers cannot be paid directly for the securities that they have brokered. The cheques must be paid from the buyer bank to the seller bank. And the BR issued by the seller to the buyer. In the SBI case, money was allegedly paid into Mehta's account.

Despite thes rules, paying into brokers' accounts is common practice. Banks do it to cut red-tape. Often a transaction is a chain in which Bank A sells to Bank B which sells to Bank C and so on. When the final buyer pays, it would take too long it cheques are routed right through each intermediate buyer. What the broker does in these cases is take the payments directly for onward transmission to the original seller. A crooked broker can cash in on this temporary availability of funds.

Like Mehta, others also tapped friendly banks to borrow funds and deploy them on the stock-market. The Bank of Karad put a large number of transactions through the accounts of Bhupen Champaklal Devidas and Narottam. Prima facie, the bank issued BRS without any backing and against non-existent securities. In certain cases, the bank issued BRS against the backing of other BRS issued by Metropolitan Cooperative Bank. And, investigations reveal the BRS issued by the Metropolitan Cooperative Bank, in all likelihood, didn't have any backing either. The receipts were used mainly to facilitate transactions with Standard Chartered, Canfina and Can bank Mutual Fund. Most of these have been put through broker Hiten Dalal. While the linkages between deals were being established, a trace had been put on the use of funds as well. When the investigations were complete, it may prove damning for Narottam, on whose account BRS to the tune of Rs 750 crore have been issued.

The manipulations were so routine and the mechanism so well-oiled that almost all the players used it with supreme casualness. BR Ruia, director of Dhanraj Mills and Killick Nixon, a company which he took over with help from Bhupen Dalal, allegedly used the BR route to find badla transactions on the market.

Role of CBI: The CBI has defined its role quite clearly - to prove instances of criminal complicity in the cases

it has registered. The investigations have already placed the amount Rs 4,569.75 crore - way beyond the Jankiraman Committee's initial estimate of Rs 3,079 crore. Harshad Mehta and former Planning Commission member, V. Krishnamurthy were still behind bars. The Finance Secretary K.P. Guthakrishnan, has been examined very closely and the CBI was on the verge of questioning the Reserve Bank Governor S. Venkitaraman.

The CBI was slow to get off the mark. The news of irregularities in the State Bank of India (SBI) first hit the headlines in mid-April 1992. The agency could have registered the case on its own, immediately. Instead, it waited for three weeks before the political leadership finally handed it the probe.

It was decided that the investigations would follow the path pointed out by the Jankiraman Committee. The CBI waited to be shown the first Jankiraman report informally, before registering the SBI case on May 29. Four days later, it struck Mehta's premises were simultaneously raided in Delhi, Bombay, Madras and Calcutta. Thirty searches were conducted and truckloads of documents seized. The CBI was confident it can establish the links between Mehta and UCO Bank Chairman K. Margabanthu, between Mehta and Sitaraman, and between Krishnamurthy and Mehta, all because of the documents seized in the first raids. The UCO Bank investigations are nearly complete

because this was the clearest case with the most definitive evidence.

The CBI arrested Krishnamurthy on August 7, 1992 charging him with forgery. According to the CBI, the Enforcement Directorate and the Income Tax Department, Krishnamurthy is emerging as a key figure in the scam.

He was suspected because of links with accused brokers. For co-promoting a financial services company, Bangalore based Fairgrowth Financial Services Limited (FFSL) with equally well known banker, former Canara Bank Chairman B. Ratnakar, who died in February. And for helping create a network which brought in big names in big money and made big money.

According to investigators, the accounts of Harshad's company, -Growmore Research and Asset Management, showed that a cheque for Rs 32.74 lakh dated March 13 had been issued in Favour of a company by the name of K.J. investments, which was traced to the Sansad Marg branch of ANZ Grindlays Bank in New Delhi. The investigations are also looking into loans of Rs 90 lakhs made by Sanwa Bank's New Delhi branch to KJ for which Krishnamurthy had personally stood guarantee and forex remittances made by his US-based son Jayakar.

Harshad wasn't the only offender, other cases have been recorded in the Jankiraman report. Allahabad Bank, for instance, bought two bundles on February 22 for

Rs 26.02 crore and then sold them by March 31 to a broker, Y.S.N. Shares and Securities Private Limited, a Calcutta based firm, for a total of Rs 40.31 crore. The broker in turn sold one of the bundles to Citi bank.

Another institution, SBI Caps, an SBI subsidiary, bid for three bundles of public sector shares for Rs 39.62 crore and sold two, one each to Mackeritch and Stewart.

Several agencies have been trying to unravel the complex transactions that resulted in, by Indian standards, a gigantic swindle, so far they have met with limited success. Each successive inquiry report has swelled the figure from an initial suspected sum of around, Rs 300 crore to over Rs 4,000 crore. A year after the scam was exposed. The ones who have been caught were few - Harshad Mehta, Bhupen Dalal, V. Krishnamurthy and Bank officials, some of whom seem to have been victimised for their role in unearthing the scam rather than perpetrating it.

In majority of bank scam cases which reached the stage of finalisation, charge-sheets have since been filed in the special Court of Justice S.N. Variava at Bombay. The scame - smeared are busy running between the solicitors' firms and justice Vaviava's Court besides answerering questions raised by the CBI from time to time.

Role of Jankiraman Committee: The six reports of the Jankiraman committee have painstakingly unravelled the details of the banking-stock market scam involving banks and other financial institutions, stock brokers and public sector undertakings. What they have failed to do is to shed light on the contribution of the overall policies and attitudes of the government and country's central bank to the preparation of fraud on such a massive scale.

After such detailed investigations and painstaking research in the myriad transactions of the securities scam, it is unfortunate that the six Janakiraman Committee Reports do not contain any hint of where the money has gone. However, it is quite unfair of the committee to ask brokers who operate in the securities market to give up other business such as merchant banking or to stop trading on their own account.

Role of JPC: The JPC that probed the multicrore security scam indicted several influential political leaders, bureaucrats and industrialists. The JPC probing the stock markets scam revealed a theft of nearly Rs 10,000 crore which was promptly dismissed as a systems failure.

The JPC is a court where members continue to argue, the case hangs and and Chairman Ram Niwas Mirdha, the judge is in a hurry to close the files.

Apart from brokers and bank and public sector personnel - who were indicted by the Jankiraman Reports and

the CBI anyway - the draft lets off the RBI with a brief reference to it for not taking notice of the irregularities in the annual review of banks.

The report begins by attributing the securities scam to a deliberate and criminal misuse of funds by select brokers, bank personnel and custodians of public sector funds. It puts the estimated amount of losses at Rs 4,024 crore, at least Rs 1,000 crore less than the CBI estimates. Foreign banks particularly have got the fist in the face. These banks, the draft report says, behaved in an unbecoming manner even though they belong to advanced countries.

Discrepancies in the report: The report concentrates on presenting an overview rather than dissecting the scam. It bases its judgement on flimsy evidence and leaves gaps in its findings. The RBI's role was not properly scrutinised.

The investigations in the biggest scam ever were not without a crimony. A year and one month after the Rs 500 crore securities scam came to light, the authorities seem to be no closer to figuring out the end use of money siphoned off from the banking system. The focus has shifted from the huge amount involved in the scam to a meagre sum of Rs 85 lakh which the main accused, Harshad Mehta, is believed to have passed on to a "political figure". The identity of this political figure continues to confound both the CBI and JPC probing the

scam. Investigations are tedious, time-consuming exercises in any case but in this one they were even more complicated.

Role of Mehta: Harshad was a stock broker who became a millionaire by manipulating markets in a way no one had ever done before. But now that the game has come unstuck, it is becoming clear that the flamboyant 37-year old Mehta a fast-taking, fast dealing high rollar is at the centre of the biggest financial and insider trading scam ever in the country's history.

Harshad Mehta's charge that he had paid Rs 1 crore to Prime Minister Narasimha Rao was a potential time bomb. The allegation by Mehta that he paid Rs 1 crore to Prime Minister Narasimha Rao had four aspects - political, JPC, civil and criminal. Mehta stated that he had paid Rs 1 crore to the Prime Minister in two instalments. Mehta's allegations threaten to shatter a party which was already in disarray. Even without the Bombay stockbroker's sensational disclosure that he had paid Rs 1 crore to the Prime Minister, on the eve of Nandyal by election, neither Rao nor party has not so far denied having ever met the broker. The Harshad camp has dropped broad hints that it is in possession of "clinching evidence" to prove the allegations.

Harshad Mehta is a proved fraudster and therefore no enquiry need be done on any allegation openly made by

him would be wrong. The word of an arrested or desperate man can hardly be regarded as serious evidence. Harshad is still the symbol of the levitation rip-off while the bigger fish have more or less been let off the hook.

Role of Rao: Oscar Wilde has said that a cynic is a person who knows the price of everything but the value of nothing. Right from the on-going political games being played by the former Prime Minister, Mr. Narasimha Rao has followed a three-dimensional strategy: silence, ambiguity and denial. In the sordid "suitcase" episode, Mr. Rao maintained a prololoned silence which he broke with classic pronouncement. Rao was the unfortunate inheritor of this syndrome. Most Indians have come to regard all politicians as crooks and will give credence even to charges made against the nation's parajapati by an indicated dalal. His position today is without precedence in post independence Indian history.

For a seasoned politician like P.V. Narasimha Rao, pushed into a corner by constant opposition heckling on the multi-crore securitties scam, the JPC, provided the ideal instrument with which to buy time. With the setting up of the JPC, Rao also hopes to establish the sincerity of his intentions in getting to the bottom of the scandal.

Conclusion: The unprecedented stock market scam involving Harshad Mehta and his cohorts, important banks and some industrial houses has exposed criminal irregularities in our financial management. It shows the failure of central banking authority while also pointing to a basic weakness of the Government's new economic philosophy.

The scam has inflicted a crippling of financial loss on many individuals and organisations. Many players in the game have enriched themselves with the investigating agencies so far unable to trace where the money has gone. In the name of liberalisation, foreign banks have wrought havoc on the banking sector, while nationalised ones have done so in the name of socialism.

ST. KITTS Scandal : St. Kitts case had its beginning when Kuwait-based Arab Times has reported in August 1989 that former Finance V.P. Singh had made six substantial deposits between September 1988 and March 1989 in the trust in St. Kitts island amounting to 21 million dollars.

The report further said that the account was opened in the name of Mr. Ajay Singh, who at that time was a middle level employee at Citi Bank in New York. Mr V.P. Singh had challenged the report and dared the then Congress Governemnt to take action against him on the basis of the available evidence.

The CBI, which began probing the case in early 1990, filed a first information report (FIR) on May 25, 1990, naming Chandraswamy, Mamaji, Mr. Verma, Mr. Nandy, Mr. Køl and Mr. Mclean. The FIR had said the signatures of both Mr. Ajeya Singh and Mr. V.P. Singh on the bank papers of the First Trust Corporation Limited were "manifestly forged and did not carry their genuine signatures".

The case revolves around the being party to a criminal conspiracy of forging a bank account during November 1988 to October 1989 in the name of Ajeya Singh, son of Janata Dal leader V.P. Singh. According to the charge-sheet, the object of the conspiracy was to tarnish V.P. Singh's image who then was emerging as a strong opposition leader, after leaving the Congress Party.

Rao, according to the charge-sheet, was instrumental in getting the forged paper attested from a notary public in New York.

As the Minister of State for External Affairs, K.K. Tewari, holds the charge sheet, used his position to procure the passport particulars of the son of V.P. Singh from the regional office in Lucknow and the High Commission of India in London.

V.P. Singh had deposited the passport number N-097997, dated 15.6.78, in the Ministry of External Affairs, CPV division, on 3.2.83 when a diplomatic passport was issued to him. It was never returned to him. Adnan Khashoggi, owner of the Olympic Tower Apartments, 5th Avenue New York, alongwith Chandraswami and Mamaji got news items about the 'secret bank account' printed in different newspapers in Arab and India. It said that V.P. Singh had deposited massive sum in his son's account in the bank.

There were several directives to Ajeya Singh by the ED asking him to disclose the details about the passport and his bank accounts. The ED continued to issue directives to Ajeya Singh deposited his repeated denials about the existence of the said bank account.

Then special directors of the ED, alongwith A.P. Nandy, was asked to visit the Caribbean island and investigate into the matter. Swami and Mamaji who were in

New York, reached Miami on 1.10.1989 and stayed in Marriet Hostel. Nandy and Chandraswami and Mamaji on 1.10.1989 in Chandraswami's hotel. The godman arranged Nandy's visit to St. Kitts in a chartered flight through Kolb, a US citizen and son-in-law of Khasoggi. Nandy, with Mamaji, Dev Ketu and Kolb visited St. Kitts on October 2, 1989.

On 3.10.1989, states the chargesheet, Chandraswami contacted Narasimha Rao, the External Affairs Minister, who was staying in Hotel United Nations Plaza, New York over telephone and told him that certain documents collected by Nandy were needed to be attested from the consulate General of India in New York. Rao then asked R.K. Rai, the Consel General in New York to personally attest the documents brought by Nandy. He also, directed Rai not to disclose this to the ambassador, Karan Singh.

A day later, copies of numbered account agreement 29479 in the name of Ajeya Singh showing V.P. Singh as the beneficiary and safe keeping agreement in the name of Ajeya Singh and final beneficiary V.P. Singh, deposits and instruction on withdrawl forms, copies of statements of accounts and one statements of account in original of said account were handed over by George Mclean to AP Nandy.

The account was shown to be opened on 13-2-1988 by depositing \$ 21 million and its subsequent withdrawals on different dates. On the documents the signature of George

McLean were attested by R.K. Rai, the Consul General of India, New York at the instance of Rao.

The chargesheet said that on October 6, 1989 Mr. Aggarwal had called Mr. Shiv Kumar, Indian High Commissioner in Port of Spain, and introduced him as a family friend of Mr. Narasimha Rao. He asked the official to go to St. Kitts and meet the Prime Minister there and inquire about the affair. He had also made a telephone call to Mr. S.C. Gupta, then second Secretary in the Indian High Commission in Port of Spain, and virtually dictated a letter to him to be sent to St. Kitts.

Accused Person: The former Prime Minister, Mr. P.V. Narasimha Rao, and three others including the self styled godman Chandraswami, were chargesheeted by CBI in the St Kitts forgery case.

The CBI also named the former Minister of State for External Affairs, Mr. K.K. Tewary and Mr. Kailash Nath Aggarwal alias "Mamaji", close associate of Chandraswami in the 15-page chargesheet filed in the court of Prem Kumar, Delhi's Chief Metropolitan Magistrate.

A.P. Nandy, former Deputy Director, Enforcement Directorate and George, D. McLean, Chairman of the First Trust Corporation Bank in St. Kitts, also figure in the chargesheet. However, the two have since died and the proceedings against them have terminated.

Mr K.L. Verma, former Director in the Enforcement Directorate and Mr. Larry J. Kolb a relative of the arms dealer Mr. Adnan Khashoggi, were named as accused in the chargesheet but there was no sufficient evidence against them.

The investigation revealed that the persons accused in conspiracy with each other, fabricated evidence with the intent and knowledge to cause the former Prime Minister, Mr.V.P. Singh and his son. My Ajeya Singh, convicted of the offence under the Foreign Exchange Regulation act (FERA) and the Prevention of Corruption Act (PCA) and to harm their reputation in the eyes of the public.

The chartsheet refers to the report of auditors who had scrutinised the accounts or the First Trust Corporation Bank in the Carribean island of St. Kitts. It says that the account was opened on September 16, 1988 and closed on February 13, 1989. Incidentally, both the days were public holidays in St. Kitts. A total amount of \$ 21 millions was deposited and withdrawn from the account.

The four accused including Mr. Narasimha Rao, have been charged under secction 120-B read with sections 195, 469, and 471 of the Indian Penal Code. The proisions relate to conspiracy, fabrication of false evidence with intent to procure conviction of offence punishable with imprisonment of seven years or more, forgery and using forged documents

Role of CBI: The story of the CBI's file on the st. Kitts forgery case (number RC-1(S)/90-SIG) tha was opened on May 25, 1990 is both sordid and soiled with poliical machinations. For over six years it lay under wrap-gathering dust even since the CBI joint director handling the case, NK. Singh, was unceremoniously shunted out to the BSF with the fall of the V.P. Singh government in 1991.

Occasionally is used to be shuffled between the CBI headquarters and the Prime Minister's office when the issue was raised in Parliament. But every time he government gave an evasive reply.

The chargesheet was filed six years afer the CBI registered the FIR in the case on May 25, 1990. The Supreme Court had pulled up the CBI in April last for dragging the investigations. The case had been gathering dust until the end of 1995 when the Supreme Court had brought it back to life following a public interest petition moved by Mr. Anukul Chandra Pradhan, advocate, seeking the Court's directions to the CBI and other authorities to conduct an expeditious probe.

The FIR had referred to the alleged role of Mr. Narasimha Rao, then External Affairs Minister in the Cabinet of Prime Minister Rajiv Gandhi, as well as of Capt. Satish Sharma and others in the forgery conspiracy but none of them was mentioned as "accused".

Infact, the CBI had more or less closed the case, barring fixing the 'Dakhil Daftar' (consign to record room) sticker on the file, during the five year tenure of P.V. Narasimha Rao as Prime Minister. The V.P. Singh government fell and Chandra Shekhar became Prime Minister with the support of the Congress, then led by Rajiv Gandhi. It was then that the attempts to stall investigations began. Some Rao supporters like Subramaniam Swamy then law Minister, made it impossible for the CBI to proceed with the investigations in the case. Chandra Shekhar's government literally put an end to the case by transferring Singh to the BSF.

All along, the way the investigations were handled smacks of a well-designed conspiracy.

Chandraswami had left the country when the V.P. Singh government assumed office. He, however, returned a year later when Chandra Shekhar took over as Prime Minister. Since he was wanted by the CBI in the St. Kitts case, he sought anticipatory bail on November 27, 1990.

Later, he was issued four notices by the CBI between December 1990 and February 1991. On February 4, 1991 Subramanian Swamy convened a meeting in his office to enquiry about the progress on the letters rogatory in the St. Kitts case. When the news appeared in a section of the press in January 1991 that the CBI was to summon Chandraswami, Chandra Shekhar telephoned the CBI director

and expressed his anger saying the 'godman was engaged in matters of national importance. Again February 1991, Chandra Shekhar expressed his anger when the CBI official had gone to Port of Spain and informed the head office about the seizure of some documents by the US authorities.

Meanwhile, when the godman refused to respond to summons for interrogation, the CBI moved the High Court to restrain him from going abroad. But then pressure mounted on the CBI asking it not to insist on stoping the godman from travelling abroad.

Meanwhile, a phone call also came from the Law Minister (Swami) to the CBI additional director asking him why it had issued a notice to Chandraswami.

However, the High Court while permitting Chandraswami to go abroad, directed him to appear before the CBI on April 1, 1991.

On March 21, 1991 N.K. Singh was transferred from the post of Joint Director CBI to the post of Inspector-General BSF. And with that the curtains came down on the investigations in the St. Kitts case. It was resumed only after five years when the Supreme Court admitted a public interest petition.

Role of Delhi High Court:: Chief Metropolitan Magistrate Prem Kumar issued non-bailable warrant for October 14, against former Prime Minister Narasimha Rao in the St.

Kitts case. Three others, against whom non-bailable warrants were issued are former Union Minister K.K. Tewary, Former Director of Enforcement K.L. Verma and international arms dealer Adnan Khashoggi's son-in-law Larry J. Kolb.

Mr. Kumar also ordered the production of two other accused godman Chandraswamy and his associate Kailash Nath Aggarwal, who are already in judicial custody in the one lakh dollar Lakhubhai Pathak cheating case.

The warrants were issued under section 120-B (Criminal conspiracy), 195 (giving false evidence), 471 (using forged documents as genuine) and 469 (forgery for purpose of harming reputation) of the Indian Penal Code (IPC).

Delhi High Court Judge S.K. Mahajan stayed the operation of the CMM's order and issued notice to the CBI returnable by October 7, 1996 when anticipatory bail petition, Mr. Rao would not be arrested by the authorities.

Counsel for Mr. Rao, Mr. R.K. Anand and Mr. I.U. Khan's contended in the High Court that as co-accused in the case Chandraswamy and Kailash Nath Aggarwal alias Mamaji were already on bail, the arrest warrant issued against Mr. Rao was bad in the eye of law.

Chief Metropolitan Magistrate (CMM) Prem Kumar refused regular bail to former Prime Minister P.V. Narasimha Rao on October 14 in the St. Kitts case, terming it as "premature".

The court, ~~however~~, granted him exemption from personal appearance in the case on October 14.

In his orders, Mr. Kumar said "this court has to follow the orders of the Supreme Court in letter and spirit".

The CMM said, according to October 9, High Court order granting anticipatory bail to Mr. Rao and other accused till October 14, all the accused persons would be at liberty to apply for regular bail, which would be decided by the court in accordance the law.

The CMM also issued notice to the CBI to file a reply by October 14 in the bail applications moved by two other accused in the case, former Union Minister K.K. Tewary and former Enforcement Direc^{two}cor K.L. Verma. The/were not granted exemption from personal appearance to Mr. Rao in view of the Supreme Court judgement on the petition of Delhi Police seeking shifting of the trial court's venue from Tis Hazari premises due to security reasons.

The apex court directed that trial in the St. Kitts forgery case will be held in a special court in the security zone of New Delhi.

While allowing the Delhi Police petition, the apex court has directed the Delhi High Court to decide the new court venue.

Role of Rao: The CBI in its affidavit before the Supreme Court, which is monitoring the progress of investigation in the case, in March 1996 had stated that Mr. Rao's role in the case was limited to the extent of asking the Consulate General for attestation of certain documents related to St. Kitts forgery case.

On the role of Mr. Narasimha Rao, the FIR said that during his stay in New York between September 25 to October 5, 1989 in connection with the U.N. General Assembly session, he had instructed Mr. R.K. Rai, then India's consul-general in New York to authenticate certain documents.

According to chargesheet, when Mr. Rao was the external affairs minister in the Rajiv Gandhi government in 1986, he had entered into a criminal conspiracy with Chandraswami and others to tarnish the reputation of V.P. Singh who had quit the Congress in 1989. He was alleged to have plotted with Chandraswami and others to discredit Mr. Singh, who was leading an anti corruption campaign against Rajiv Gandhi mainly on account of alleged Bofors pay-offs.

The CBI told the court that Mr. Rao abused his position as external affairs minister to influence the Indian embassy officials in Washington to forge documents to implicate V.P. Singh's son.

Conclusion: In India, while poverty corrupts a few, power corrupts scores of politicians. Mr. Rao's role as foreign minister is shameful in the St. Kitts forgery of 1989. The CBI's attempt to minimise the role of Prime Minister Rao in the St. Kitts forgery is nothing but a blatant attempt to cover up his serious misdemeanour. The whole exercise, according to the CBI, was aimed at defaming Mr. V.P. Singh, potential rival of Rajiv Gandhi.

The St. Kitts conspiracy is on a different footing than the Jain hawala case. The conspiracy in 1989 was aimed at defaming V.P. Singh to deprive him the opposition of using the corruption issue in the elections.

Sugar Scandal: Even in a country numbed by bunglings and passing the buck by ministers and bureaucrats for everything, from handling the plague situation to payoffs in government deals, the scandal over sugar imports in 1993 presented yet another example of a system used and misused.

The first whiffs of a possible scandal hit the markets in March 1994. The Government's decision in early March to put sugar on the Open General Licence (OGL) for duty free imports stumped many, for it came unexpectedly. It was also the first acknowledgement of the need to import. And a contradiction, for until January the official line was that sugar production would be adequate to meet the demand.

With the decision came a steady rise in sugar prices. Sugar in the retail stores in the capital crossed Rs 18 per kg. in the first week of June 1994 up from Rs 12.50 in September 1993. Consumers had to pay this extra amount because of an inexplicable delay in importing sugar to offset the shortfall in demand. What made matters worse was an increase in international prices from \$ 280 to \$ 360 a tonne FOB (free on board).

In India, the largest producer and consumer of sugar in the world, the industry is controlled to a large extent by the Government. The sugar mills are forced to sell 40 percent of its production to the ration shops

under the public distribution system (PDS) and the remaining is sold in the open market. However, the sugar industry is always competing with gur (jaggery) and khandsari units for the availability of sugarcane.

Experts reason that the crisis was evident back in 1991-92. That was the year when India produced surplus sugar. Against a demand of 115 lakh tonnes, the production was 134 lakh tonnes. With limited stock holding capacity, the sugar was dumped in the market, bringing down the prices sharply. When India took to exports, prices fell there as well. The Indian industry faced a cash crunch, couldn't pay off the farmers and arrears piled up to Rs 700 crore.

Under pressure from alcohol units, state governments imposed their own partial controls on molasses which brought down prices in the open market by half to Rs 1.500 per tonne. The illicit distilleries, forced to pay a higher price for molasses, shifted to using gur instead and were willing to pay higher premium and the gur units in turn paid more to the sugarcane farmers than that offered by sugar units, which paid only state regulated prices. The market mechanism worked and sugarcane was soon being diverted to gur and khandsari producers.

The origins of the present controversy can be traced to a state sugar secretaries' meeting held on

September 3 1993. At the meeting, sugar production for the forthcoming year was estimated to be 106 lakh tonnes. Given the Planning Commission's demand projection of 120 lakh tonnes, Food Secretary A.C. Sen estimated a shortage of 15 lakh tonnes of sugar. He conferred with Cabinet Secretary Zafar Saifullah and in November 1993, sent a proposal to Rai to start imports of sugar. The need for imports was reiterated by the Ministry of Civil Supplies.

Rai backed this with estimated provided by the two sugar bodies, the Indian Sugar Mills Association (ISMA), which represented 45 percent of the industry, and the National Federation of Cooperative Sugar Factories Limited, a body representing the rest ISMA now concedes it made a mistake.

Then again, ISMA has been estimating adequate production all along. Its estimates in September 1993 were 112 lakh tonnes, scaled to 105 lakh tonnes by February and now that the controversy is raging, ISMA maintains total sugar production will be only 94 lakh tonnes.

The arguments of Rai, however, did not gel with the cabinet secretary and a meeting of the Cabinet Committee on Prices (CCP) was convened on December 15, 1993. Meanwhile, by December 15, the FOB prices were ruling at \$ 286.50 per tonne at the London markets compared to \$ 279.50 the previous month. The London rates are a reference for sugar traders worldwide and prices

vary depending on the markets from which sugar is finally lifted and its distance from the final destination.

When the agenda for the March 8 meeting of the CCP was circulated amongst members - Manmohan Singh, Rai, Pranab Mukherjee, Balram Jakhar and A.K. Antony - it made one point clear. Sugar was short. There was a need to import about 10 lakh tonnes for the PDS and nine lakh tonnes for free sale. At the meeting, the finance minister repeated that he was not going to subsidise imports. Hence, the cabinet committee decided in the meeting to put sugar on OGL, allowing even the private sector to import duty free.

Soon after, private parties rushed to the global market to contract imports. Within days of the release of the notification, ISMA's Jain had contracted 92,000 tonnes. With local prices continuing to rise, others too saw a chance to make a killing. Amongst them Great Eastern Shipping settled for two lakh tonnes followed by Asia Sugars at 1.1 lakh tonnes and Essar Gujarat for 70,000 tonnes. So far 6.94 lakh tonnes have been contracted by private parties.

On May 13, Saifullah decided to involve the FCI. The FCI floated a tender on May 16, without clearance from the food minister.

Rai who was travelling, rushed back to Delhi and cancelled FCI's tender hours before it was scheduled to close at 3 p.m. on May 19. On the same day STC finalised its first contract at \$ 385 per tonne c.i.f. (cost including insurance and freight) and subsequent ones at just over \$ 400. Almost \$ 50 per tonne higher than the future price ruling in December 1993 for supplies to be made this August 1994. The loss about Rs 150 crore.

The sugar saga has received fresh attention. The reason: leaks from Prime Minister P.V. Narasimha Rao's close circles that he has expressly forbidden the release of the report on the affair by the Gian Prakash Committee - a one man inquiry chaired by the former Comptroller and Auditor General of India. And selected leaks which in turn seek to damn Minister of State for Food Kalpnath Rai, Commerce Secretary Tejendra Khanna and recently retired cabinet secretary Zafar Saifullah. The muddle has cost the country about Rs 650 crore through opportunities lost and rising prices in the international markets while some of the best brains in the Government - including Rao, Finance Minister Manmohan Singh and secretaries Montek Singh Ahluwalia, Saifullah and Khanna - who are credited with pushing India's liberation, try to figure out what to do.

Role of Gian Prakash Committee: The Prime Minister's Office (PMO) sat on the Gian Prakash Committee report on the sugar import scandal. Gian Prakash was being ordered to deal with the scandal in terms of erroneous sugar

supply estimates and mismanagement of imports.

The role of the Centre of the Gian Prakash report was its unwillingness to fix blame: a task that would have involved tracing the causal forces that propelled the scandal back to the Prime Minister's office. The Gian Prakash committee, which probed the sugar scandal, has held Minister of State for Food Kalpnath Rai "fully responsible" for crises besides upbraiding the State Trading Corporation for what it termed "professional incompetence". The minister called on the PM and told him that they were prepared to resign so that he could reconstitute the cabinet and revamp the party.

Civil Supplies Minister A.K. Antony resigned, December 14, 1994, from the cabinet protesting against the remarks about the functioning of his ministry in the sugar import probe report. Meanwhile, "loyalist" ministers have offered to resign to enable the PM to reshuffle the cabinet.

Role of Kalpnath Rai: The 'sugar daddy', as he was called during his controversial tenure at the food ministry, was a man who spent last year (1995) privately venting his spleen against the Prime Minister, his key aides, politicians and bureaucrats. In the sugar scandal, key decisions on its import and release into the public distribution system were deliberately delayed even as

sugar prices jumped from 12 a kg to Rs.20. Even if Rai were to come out with his long-delayed bombshells, there is a big question mark of credibility, since it would have been made by a person charged with corruption as well as harbouring terrorists.

Conclusion: For India even limited globalisation has already further widened the chasm between the rich and poor. Prices of essential commodities are rising abnormally, sugar would taste more bitter even in the absence of any scam. Afterall, sugar prices touch evrybody's pocket. The opposition called it an "inept and callous handling of sugar imports ". This had caused the country thousands of crores of rupees. The magnitude of the scandal shows that is no other than the poor people who have to bear the burnt.

PART - TWO

BIBLIOGRAPHY

SCANDALS, BOFORS

1. INDER JIT. Terms of Bofors probe inadequate. Tribune. 97, 218; 1987, 8, 4; 10.

In sharp contrast, the Rajiv Gandhi Government's approach to the parliamentary probe into the Bofors deal leaves much to be desired. The terms of reference are unreasonably restrictive and do not inspire the thought that the government wants to get at the whole truth. Everyone knows that a hefty commission has been paid by Bofors for pushing through the deal. Clearly, the terms of reference are inadequate and need to be amended and made result oriented. The committee should, for instance, have the power to summon Ministers. It should also be specifically empowered to get every assistance from the Attorney General and the Comptroller and Auditor-General. All in all, the probe must be helped to bring out the truth.

2. PARANJPE (HK). Corruption: Permissiveness won't do. Economic Times. 31, 74; 1991, 5, 17; 12.

It was the Bofors scandal which tore off the veil because of the publicity given to this matter by the Swedish radio and press, Sweden having supplied the controversial gun with its then socialist prime minister apparently having operated as a salesman on

its behalf. But no proof had ever been obtained. When there was some possibility, as in the Bofors case, of senior political persons being prosecuted for wrong doing.

3. VICTOR (Cuil). Unlearned lessons of the Bofors deal. Patriot. 13,12; 1988, 5, 4; 4.

Indians have just learned to their dismay that instruments for national defence can become instruments of political instability but there is little evidence that military acquisitions will be reduced to avoid a repetition in future. None of those who are trying to find the Indians who are alleged to have received commissions from the Bofors company for helping to secure the contract have cared to ask why it became necessary, in the first place, to buy a 155 howitzer from abroad. It was because the US gave Pakistan the weapons locating radar that we had to buy the Bofors guns to maintain a "shoot and scoot" doctrine.

4. WHERE WILL the buck stop? Financial Express. 22, 110; 1996, 6, 4; 6.

There have been scandals before and the Bofors pay-off was much larger in financial magnitude. In terms of figures, the fraudulence in respect of securities transactions during 1991-92 was gargantuan.

Going by what has happened to the Bofors kickback and the massive irregularities in the securities transactions, it would be somewhat ambitious to expect a total exposure of the political connection to a transaction. Will the buck stop with persons who actually handled the deal?

-, -, effect on DEMOCRACY

5. DANGEROUS TURN. Mainstream. 27, 50; 1989, 9, 9; 1.

An ominous stage has been reached in Indian politics a danger signal for our democracy. General Sundarji's bombshell disclosure about the Prime Minister's refusal to turn the screw on the Bofors to disclose the names of the recipients of the Rs 64 crores kickback in the deal, stunned the Rajiv establishment as it had so long been banking largely on the General's preference for the Swedish Bofors howitzer gun in his last-moment switch over from the equally high quality French Sofma gun. Thus a major political scandal was sought to be covered up by publicising a top secret advice tendered to the government by the highest military officer on the suitability of a weapon for the country's defence. The Bofors kickback scandal has thus brought the Defence Services into the vortex of a sordid political controversy.

-, -, effect on INDO-SWIDISH, RELATIONS, 1987.

6. TAVARES (Alfred de). Bofors may resume arms supply to India. India Abroad. 26, 42; 1996, 7, 19; 16.

Swedish armament giant Bofors may be allowed to resume deliveries of its contracted spares and ammunition to India seven years after they were suspended. Bofors has repeatedly asked the Indian government to allow them to deliver these items for which New Delhi had fully paid 8.4 billion Swedish kroner in 1987. The supplies were suspended because of allegations that bribes were paid to Indian politicians. The entire Bofors-India scandal is a needless deterioration in Indo-Swedish politics and trading relations.

-, -, effect on LOK SABHA

7. AGHA (Zafar). Bofors scandal rocks Lok Sabha again. Link. 31, 50; 1989, 7, 23; 8-9.

The Bofors issue again rocked the Lok Sabha on the opening day of the monsoon session. The Comptroller and Auditor General's report indicts the Government in this connection and the opposition has obviously made political capital out of it. The session is likely to be stormy with the ruling party and the opposition trying the game of political one-upmanship with an eye on the coming elections.

-, -, effect on PARLIAMENT and CAG, 1989

8. TUMMALA (Krishna K). India at cross roads in 1989. Asian Profile. 18, 4; 1990, 8; 353-363.

In the summer of 1989, India went through some convulsions on the eve of the 7th general elections. The Bofors gun corruption issue led to a concerned attack on not only the political institutions such as the Parliament but also on constitutional bodies like the office of the Comptroller and Auditor-General of India. Similarly, the Congress-I government over local government machinery for political gain. The parliamentary form and the federal structure came under severe stress and the experience is foreboding.

-, -, --, PARTIES, CONGRESS

9. BHUSHAN (Prashant). Politics of Bofors. Illustrated Weekly of India. 113; 1993, 8, 14-30; 12-13.

The latest Bofors revelations from Switzerland have again revived the nemesis of the Congress Party and generated a good deal of political interest. The interest that it has generated has demonstrated that in its potential to make political waves, the Bofors issue is far from dead, even though its main protagonist is. For, even without the receipt of the actual bank documents, it

has established beyond a shadow of doubt what had been suspected all along that Rajiv Gandhi was indeed the kingpin of the shady transaction as well as a beneficiary of the payoffs.

--,--,--, CONGRESS (I)

10. PARTY IS over. Statesman. 131, 47; 1992, 2, 24; 6.

The Congress (I)'s response to the latest revelations in the Bofors pay off scandal is intrinsuing. The party has had the good sense not to react at all, the usually voluble official spokesman making themselves unavailable. The question is simply: who took the money? A hefty and unheard of 18 percent of a massive arms deal. The Swedes have been offended and several Bofors officials have sacrificed their jobs for the privilege of shielding the high and the mighty in this country. It should therefore surprise no one that senior officials or rather former senior officials of Bofors should take an early opportunity to clear their names as soon as the laws of Sweden are seen to protect them from the charge of giving bribes to secure orders. The Prime Minister must soon come to the conclusion is useless and that the party's collective slip is showing Narsimha Rao is shrewd enough not to be reminded that there is hardly any time to distance the party from the fall out that is both inevitable and imminent.

-, -, --, -, -, 1989

11. CHAKRAVARTTY (Nikhil). Evolution of political corruption. Mainstream. 34, 33; 1996, 20; 7-9.

The importance of the Bofors scandal in the evolution of political corruption in our country needs to be understood in all its implications. Although the Bofors gun is widely established, the fact that kickback from a foreign arms company could have major political repercussions contributed to a large extent to the ruling congress party having lost the elections in 1989. It opened up tremendous possibilities for foreign companies intervening into our politics through the sordid channel of bribery and kickbacks. The fact that even to this day the Bofors scandal has not been fully unearthed enhances the danger of foreign firms intervening into our politics.

-, -, ENQUIRY, CBI

12. OF FAMILY and friends. Sunday Statesman. 126, 36(S); 1992, 96; 6.

When Justice Chawla brought disgrace to this robes of office by his order of December 19, 1990, in substance putting himself in the position of the petitioner to castigate the CBI in its investigation of the Bofors case, he was hauled over the coals by the

Supreme Court who described his reasoning as convoluted and strange, and said that his conduct had shocked the judicial conscience. A significant change in the attitude of the Prime Minister must be noticed. This can explain why he exonerates the conduct of Margret Alva and Madhavsingh Solanki, persists with R.C. Sharma in CBI, allows Madhavan to leave, and brings back Bhardwaj from well-deserved oblivion to the centre of the stage. The excuse always is pressure from the family. Unexpected support for this theory comes from Ahluwalia's visible protests that Minister, Rameshwar Thakur is trying to pressurize him to the securities scam investigation how before another JPC.

13. PATHAK (Rahul). Bofors probe: Highest hurdle yet. India Today. 17, 18; 1992, 9, 16-30; 59-62.

The bumpy road to the Bofors beneficiaries has hit its most formidable hurdle. Be fuddled CBI men threw convention to the winds. Without consulting even the PMO, they called Pierre Schmidt, vice-director of the Federal Department of Justice and Police in Geneva. Schmidt sought clarifications from the CBI about appeals and inadvertently forgot to erase the name of one of the applicant - S.P. Hinduja and Jubilee

Finance. On August 27, 1991, the Supreme Court finally upheld the FIR but left the door open for appeals. Win Chadha challenged the FIR in Delhi High Court on September 9, but hearings resumed in Geneva. The high court was to give its verdict on Chadha's plea, the Supreme Court delivered its reasoned judgement on Chowdhry's petition. It completely supported by CBI's stand.

-, -, -, ROLE, CHANDRA SWAMI

14. BAJAJ (Amita Nayar). CBI cool to Swami bait. Blitz. 1996, 6, 15; 18.

Chandra Swami has offered to spill every thing that he knows about everyone who knows him. For instance in the Bofors case he had claimed to have in his possession a cassette that purportedly contained the recording of a conversation between two of the main suspects in the case and the claim turned out to be a dud. The CBI has so far refused to allow Chandra Swami to come clean with a full and final confession on all other matters in but intends to concentrate only on the case of fraud in which he has been arrested.

-, -, ROLE, CAG, 1989

15. BHANDARE (Murlidhar C). Bofors and the C & AG. Hindustan Times; 66, 191; 1996, 7, 11; 11.

The monsoon session of Parliament commencing

next week may see the old Bofors issue occupying centre stage once again. For more than two years, the acquisition of this Swedish Howitzer has provided a staple diet for the opposition. It is almost certain that the opposition will resume its clamour for the tabling of the Comptroller & Auditor General's (C&AG's) report. Any report by the C&AG on a transaction already scrutinised by a JPC is bound to raise issues of their status, and of jurisdictions, their status, and of the propriety of C&AG's commenting on such an issue at all. It is important, therefore, that these issues should be objectively reflected upon reflected upon before the expected hub-tub strats allaround.

16. NO SACRED cow. Financial Express. 16, 83; 1990, 5, 17; 5.

On the Bofors deal, the CAG casts more doubts on the management of defence services. The report of CAG on the Union Government, Defence Services for the year ended March 31, 1988 revealed that the negotiating committee set up by the Government to decide on suppliers of 155 mm towed gun system and ammunition reversed its opinion on Bofors. The CAG report, No. 2 of 1989 was not only about the Bofors deal. It covered a lot of ground and much of what it said on other matters was quite as damaging to the defence

establishment as its observations on the Bofors deal. These was an over-payment of allowances to defence civilians amounting to Rs 102.76 crores up to March 1988. The replacement cost of the cracked girders would be more than Rs 9.54 crores.

17. RAMACHANDRAN (KS). Sweeping under the carpet. Financial Express. 16, 211; 1990, 9, 22; 7.

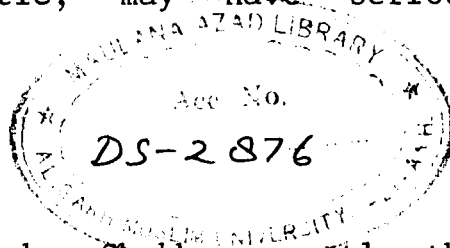
The CAG report on the 155 mm towed gun system and ammunition better known as the Bofors report - was certainly one such, considering that in Central and Northern India the non-Congress-I parties made the Bofors kick-backs the major plank of their election campaign. In 1989, in the debates in Parliament over the report on the purchase and licensed production of the 155 mm towed gun system and ammunition, derisive references were made to the CAG and some one went as far to call him "that Charlie.

-, -, -, CHADDA (Win)

18. VENU (MK). Bofors Chadda tie-up covered defence secrets? Patriot. 36, 95; 1987, 7, 27;

In the murky world of arms dealers, it is not easy to ascertain the nature of the 'relevant' information being supplied by an agent to his principal

abroad. Much of the debate in the Bofors deal has centered on the violation of the Foreign Exchange Regulation Act (PERA). On the alleged kickbacks received by the concerned agent in foreign exchange. But there has been little talk about the "confidential information" that goes out of the country as the Bofors agreement with Win Chadda mentions. Sources point out another clause in the agreement between Bofors and Chadda which, though cryptic, may have serious implications.



---, CHANDRA SHEKHAR

19. BHUSHAN (Prashant). Will Chandra Shekhar scuttle the Bofors investigation? Indian Express. 59, 24; 1990, 11, 26; 9.

The recent decision of the Swiss Federal Court to transmit information on about India is a decisive vindication of the investigation launched by the V.P. Singh government to unearth the beneficiaries of the massive Bofors kickbacks. The decision is a historic landmark in as much as it is probably for the first time that the Swiss Supreme Court has ordered the transmission of information about notoriously secret. The Swiss Federal Court has accepted by Bofors represent bribes paid to Senior Indian Government officials who were in a position to award the contract

to Bofors. The circumstances in which the Chandra Shekhar Government has come into power and its total dependence upon the Congress (I) for its survival, cannot but raise the gravest apprehension about the will or ability of the Government to continue the Bofors investigation. And if Chandra Shekhar does harbour any ambition to displace Rajiv from the Congress leadership or even create a split within the Congress, the Bofors investigation is perhaps the only weapon he can use.

---, GOVERNMENT

20. PACHAURI (Pankaj). Bofors inquiry: Slow but steady. India Today. 15, 16; 1990, 8, 16-31; 46-48.

First came the smoke. Then the FIRs. Now the investigation of the Bofors kickbacks seems to be enveloped in smoke again. The Airbus deal, the St. Kitts affairs and the HDW submarine are also being investigated, but the stress is clearly on the Rs 1,437-crore Bofors Howtizer deal. The main reason for the delay seems to be the time-consuming procedures that have to be gone through in Swiss courts. There is speculation that the real beneficiaries may try to delay the investigations by spreading disinformation. If the CBI fails to track down the real beneficiaries, the consequences can be disastrous for the present

Government which came to power on the promise of fighting corruption in high places.

-, -, -, HINDUJAS, ENQUIRY

21. CHAWLA (Prabhu). Hinduja: Under scrutiny. India Today. 15, 11; 1990, 6, 1-5; 34-36.

In trading and brokering over two decades, the four London-based Hinduja brothers have amassed billions, making them the richest among expatriate Indians. They own a Swiss bank and petroleum companies, and they trade in arms and food products. They had managed to achieve a long-cherished dream - a firm foothold in the Indian corridors of power. The dream has swiftly turned into a night more with the coming to power of the V.P. Singh Government. The CBI has been pursuing Gopi Chand Hinduja in so-far unsuccessful attempt to interrogate him. The National Front Government is not about to relent because it suspects that the Hinduja's influence in various defence deals and in various megabuck government contracts will ultimately lead to the smoking gun in the various financial scandals that buffeted the Rajiv Gandhi administration. But the Hinduja have not given up. Contrary to their hitherto low-key style of functioning, they have attacked the Indian Government's stand on Bofors and HDW openly.

-, -, -, JPC

22. PARTHASARTHY (Malini). Bofors probe: missed chances. Hindu. 27, 8; 1988, 5, 11; 8.

There were several inconsistencies, contradictions, and even some intriguing leads in the testimony of key witnesses before the JPC on the Bofors contract. However, a more disturbing tendency in the trend of questioning was the failure to follow up leads in the statements made by the Bofors representatives that might have served throw more light on the enigmatic business of the 'termination costs'. Party owing to the fact that the members were inadequately prepared for such an examination, the implications of certain statements from the Bofors officials were missed.

-, -, -, and CAG

23. BOFORS AGAIN. Economic and Political Weekly. 24, 29; 1989, 7, 22; 1615.

The ghost of Bofors, which the Congress (I) had thought it had laid to rest with the highly contrived report of the so-called Joint Parliamentary Committee (JPC), has returned to haunt the ruling party. The report of the Comptroller and Auditor General (CAG), which the government at last presented to parliament

this week after dilly-dallying for three months, contains no starlling new disclosures. It was not in any case, expected to throw any light on the one vital aspect of the Bofors deal which still remains to be ferreted out - the identity of the ultimate Indian beneficiary(ies) of the huge commission or bribe or whatever one chooses to call it that Bofors, it is now abundantly clear, paid to clinch the 155 mm field gun deal.

-, -, -, JUSTICE, CHAWLA (MK)

24. MISCARRIAGE SOUGHT to be prevented. Hindustan Times. 67, 352; 1990, 12, 21; 11.

The series of actions which Mr. Justice M.K. Chawla had taken in the Bofors case, however, will not be forgotten. This seems to be the first time in the judicial history of this country when a judge had substituted himself in place of a petitioner and assigned the case to himself in a palently dubious manner. The entire course of Justice Chawla's actions while handling the Bofors case had been sickening and perverse. And he had the territory to hold that the CBI could not be allowed to override the findings of the Joint Parliamentary Committee (JPC). How conveniently he forgot the manner in which the JPC was constituted

and the way in which it has investigated the Bofors issue. Also Justice Chawla gave priority to the Bofors case over even habeas corpus petitions-the last thing a judge should sit on.

---, ENQUIRY, CBI

25. JUSTICE IN the dock. Times of India. 153, 340; 1990, 12, 21; 8.

The pronouncements of Mr. Justice M.K. Chawla on the Bofors case have been getting curiouser and curiouser. The Indian legal system, in which Mr. Justice Chawla occupies an important position, may still manage to keep its integrity intact, especially since the Supreme Court has stayed the order by which the judge took upon himself to determine the legality of the FIR filed by CBI in the case. The Solicitor-General has done well promptly to come to defence of the CBI. This is particularly important because on the same day that Mr. Justice Chawla pronounced on the "illegality" of the CBI's investigations, the Prime Minister once again reiterated that the Bofors probe "is the job of an investigating officer".

-, -, -, OPPOSITION PARTIES

26. AGHA (Zafar). Bofors to be main plank of opposition poll campaign. Link. 31, 51; 1989, 7, 30; 4-6.

The gun had been silent for a long time now. The people had begun to forget the scandal. Middle classes had rather started grumbling that the opposition had no issue but corruption. But guns are guns. You press their trigger and they boom. The Bofors variety seems to boom a bit louder. The CAG pressed its button and the Bofors gun began to roar. Its echo was first heard in Parliament. The resignations by 106 opposition members from the Lok Sabha is unprecedented in the parliamentary history of independent India. The opposition has decided to take the issue to the people through mass meetings, rallies and bandhs. Bofors will be the main plank of the opposition in the ensuing parliamentary elections.

27. DATTA-RAY (Sunanda K). Not by Bofors alone. Mainstream. 27, 52; 1989, 9, 23; 35.

The opposition has also persuaded itself that the best means of keeping itself in the public eye, embarrassing the ruling party, and wooing voters is to hammer away about the Bofors kickbacks. The Comptroller and Auditor General is under fire. The defence establishment is split down the middle.

28. INDER JIT. Opposition and Bofors probe. Tribune. 97, 221; 1987, 8, 11; 10.

The Union Government has shown good sense unaccommodating substantially the viewpoint of the opposition in regard to the composition and term of reference of the Parliamentary probe into the Bofors affair. The opposition should be enabled to have 10 members of its agreed choice on the committee as also its chairmanship. The terms of reference need to be further amended and the committee empowered to summon Ministers. Such magnanimity will carry greater conviction and credibility. The opposition, for its part, must join the probe to unravel facts from inside and fix responsibility.

-, -, -, PARTIES, CONGRESS-I, ENQUIRY CAG

29. IYER (VR Krishna). Congress-I assault on CAG. Mainstream. 27, 46; 1989, 8, 12; 5-6; 27.

The constitutional sentinel and financial controllerate of the nation is the CAG (Comptroller and Auditor General), such institutions play a key role in most democracies with built-in mechanism against prodigality, corruption and neglect. This perspective is useful to appreciate the degree of terrorism practised by party fanatics sycophantic critics and

their tantrums when some of the horrendous deficiencies in the Bofors deal surfaced in the CAG's paragraphs.

-, -, -, PRIME MINISTER, GANDHI (Rajiv)

30. BURYING BOFORS? Financial Express. 16, 277; 1990, 11th, 28; 9.

The Prime Minister's initial observations about the Bofors enquiries and the fact that his Ministry is critically dependent on the support of the Congress (I) have led to serious doubts about the fate of the process set in motion by the National Front Government to establish the truth about the pay-offs. It was the CAG report on the 155 mm towed gun system and ammunition that led to the National Front government ordering full-scale investigations into the Bofors pay-offs. Any action by the present Government treating the Bofors pay-offs as a scandal not meriting a full-scale investigation. There was a case for the logic of enlarging the purview of audit to include transactions being extended to cover policies as well, considering that administrative omissions and aberrations largely flow from policy shortcomings. It is all more regrettable that the Chandra Shekhar Government should seek to dismiss the Bofors pay-offs lightly.

the gallery of the abettors of the hush up. For the Prime Minister to learn how his ministerial colleagues has come up in the public eye. While Prime Minister has stated clearly and candidly, that the investigation into the Bofors kickbacks scandal would not be shelved and that the guilty would be punished. It is ironic, indeed that just when the Swiss Federal Court found enough merit in Indian Government's case to direct the release of some of the Bofors kickbacks documents, a concerted attempt should be made to scuttle the investigation into the scandal, using the forum of the Delhi High Court.

33. RAJIV'S PREDICAMENT. Democratic World. 19, 24; 1990, 6, 17; 9.

Rajiv Gandhi is in a predicament on the course of political line he should adopt quickly not only to reassert his position in the Congress but also to outwit the V.P. Singh Government and help in forming an alternative Ministry. Apart from the various strategies being advised by his followers, including the one to support, the proposal for a "national government" Rajiv Gandhi is still worried on the outcome of the probes on Bofors gun deal and other transactions. Although there is no proof so far to link his name with any of these

deals, he may find it difficult to convince, the people of his "innocence" as his detractors had mounted a calculated campaign to demolish his image.

34. SINHA (Abhay). Punch and judy show in Parliament. Link. 32, 3; 1989, 8, 27; 8-9.

People were started by Rajiv Gandhi audacity. No Prime Minister had ever gone over the hill to such ridiculous lengths, no matter how critical a situation he had been placed in. Even Parliamentary Affairs Minister HKL Bhagat officially kept reminding the nation the importance of an effective opposition in democracy after more than 100 members resigned their Lok Sabha seats on the Bofors deal issue following the tabling of the Comptroller and Auditor General's (CAG) report in Parliament. One more spectacle of what is being described as the crisis of democratic institutions was seen in the same Upper House following the same CAG report on the Bofors deal.

35. SHOURIE (Arun). Lie as hallmark: Corruption. Express Magazine Indian Express. 57, 221; 1989, 8, 26; 8.

As in India today the man is the regime, The lie-the big, brazen falsehood is the thing that historians will come to perceive as the hallmark of

Rajiv's prime ministership. But with Bofors as yet just a palm-sized whiff in the sky, in mid-1986 he is still claiming credit for the steps he says he has taken to clean things up at the top, he is still talking of systems being put in place to end corruption down the line, he is still talking of being "very severe" with his ministers. Bofors swells. And we know what Rajiv and his government do. Sweden has confirmed there have been no payments into Swiss banks and there have been no middleman.

-, -, -, -, -, PRIME MINISTER GANDHI (Rajiv), ENQUIRY, JPC
 36. SETH (NK). Bofors scandal. Mainstream. 26, 42; 1988, 7, 30; 6.

The real 'miasma of doubt' started with the wholly unnecessary voluntary statement by the Prime Minister in the Parliament about the allegations of the Bofors kickbacks. In fact, no body had accused the Prime Minister of having personally received a share of the kickbacks. If it was not found feasible to ask Bofors to pay back Rs 64 crores. And above all, the unnatural anxiety exhibited by every body including the Bofors and the JPC to give a clean chit to the PM personally cannot but leave an impression on the mind of the common man that there is a fly in the ointment.

This impression is strengthened by the daily new disclosures being made about the dubious nature of this deal.

--,--,--, STATEMENT, SUNDARJI (K)

37. SUNDRAJIT REKINDLES Bofors controversy. Democratic World. 18, 37; 1989, 9, 10; 7.

The Bofors gun scandal is chasing Rajiv Gandhi with renewed vigour and the latest revelations by Gen. K. Sundarji former Chief of Army Staff, has added a new dimension to the Rs 64 crore kickbacks controversy. It is high time that PM himself comes out with a bold statement on the kickback scandal. The other political parties had also trained their guns at Rajiv Gandhi. The entire scenario looked rather murky by the revelations of Gen Sundarji. However, it is unfortunate that the controversy has been rekindled at this juncture.

--,--, RAMASWAMY

38. BOFORS AND Ramaswamy. Times of India. 155, 299; 1992, 12, 19; 8.

In its Bofors ruling the apex court has sharply rebuked the high court for its reasoning and conclusions and has corrected what was widely perceived as a gross miscarriage of justice that could scuttle

any further investigation into the Rs 64 crore pay-off scandal. It is about time that the Bofors Ghost is burried once for all. Justice Ramaswamy's case is not in the same league as the Bofors scandal, though it is a piece with the creeping disregard of ethical norms at the highest level in the land.

-, -, -, SCHMIDT (Pierre), 1987

39. PATHAK (Rahul). Smoke clears. India Today. 18, 15; 1993, 8, 15; 54-55.

It was Pierre Schmidt's private hurrah. The vice director of the Federal Department of Justice and Police in Geneva has been steering India's drive along the humpy road to the Bofors beneficiaries for over three years now. With the Swiss Federal Court finally cleared the way for releasing the crucial bank documents pertaining to pay-offs in the gun deal, Schmidt could not resist glodting in his moment in the sun - he released the names of those who had challenged this move in the lower and higher courts of Switzerland. The crucial documents will not be in India hands for another two months. Ever since Swedish Radio revealed in 1987 that Bofors paid huge kickbacks to clinch the deal, speculations have been bandied about without any real evidence. The press had linked the Hindujas with three of the Geneva accounts and win

Chadha with a fourth. But it was the last name - that of Ottavio Quattrocchi who is known to be close friend of Gandhi family. It is, to date, the clearest link between someone so close to the friend of Gandhi family. It is, to date, the clearest link between someone so close to the former Prime Minister and the bogey of Bofors. The Swedish National Audit Bureau had said as far back as June 1987 that the pay-offs, totalling Rs 64 crore, were shared between the three companies - Svenska, A.C. Services and the PITCO Group. Marc Bonnant, the CBI's counsel in Switzerland, has warned the agency that there are still some hurdles ahead. Paul Perraudin, the Swiss investigating magistrate, will have to decide which documents are to be sent to India. Finally, it will have to frame charge-sheets that can stand the test of legal scrutiny and CBI-baiters. The course of Bofors has not exhausted itself yet.

-, -, - , SINGH (VP)

40. BOBB (Dilip) ◊ RAMINDER SINGH and CHANDRAN (Ramesh). Defence deals: Bofors and after. India Today. 11, 9; 1987, 5, 1-15; 30-45.

India signed the Rs 1,705 crore deal for the Swedish Bofors 155 mm FH-77B, howitzer. It has

literally become a loaded gun, pointed at the heart of the Rajiv Government. It swift succession, the fair fax issue, followed by V.P. Singh's probe into star performer in the Rajiv Gandhi Government. When the fallout from the V.P. Singh affair was showing signs of abating, a besieged government has been hit with the Bofors scandal.

41. BOFORS GUN and V.P. Singh. Democratic World. 18, 32, 1989, 8, 6; 4.

The top level exercise to throw mud on V.P. Singh and pin him down for one crime or other may not click. It was alleged that the Janata Dal leader had received black money in various property deals. Finance Minister could not escape joint responsibility for the Bofors gun decision. Like a ghost, the Bofors scandal is throwing its shadow everywhere. The latest is the disclosure by a retired general Mayadas that the Bofors gun's quality was inferior to that of the Austrian gun.

42. DATTA-RAY (Sunanda K). Man who never was: Enigma of VP Singh and Bofors. Statesman. 129, 9160; 1990, 11, 12; 6.

The fair fax inquiry seems to have been the

starting point. Vishwanath Pratap Singh's actions as Prime Minister, disastrous though some of them may have been, are not very relevant to this assessment of his primary role and how he came to enjoy star billing as the anti-thesis of Rajiv Gandhi's corrupt regime. The Bofors bombshell was even more intriguing. It would hardly be right to describe Mr. Singh as a good man sacrificed at the alter of Bofors. It was Bofors that made him in the first place, and the spectre of transaction haunted his illfated tenure.

43. RAYCHAUDHURI (Dipendra). Visions of greatness. Sunday. 22, 40; 1995, 10, 1-7; 12-14.

V.P. Singh spoke on the issue of the Bofors papers being sent to India. V.P. Singh has lately shown some renewed interest in politics. He has again emerged as a doyen of the media, and all this has triggered speculation about him playing a bigger role in politics. Bofors is, of course, Singh's pet subject. For a man who became the Prime Minister by campaigning against kick-backs in the deal, it is obvious that he would be interested.

-, -, -, --, and PRIME MINISTER GANDHI (Rajiv)

44. HEAVY STAKES for Rajiv and V.P. Singh. Link. 32, 28; 1990, 2, 18; 5-6.

The performance of the two-month-old National Front Government on various issues, particularly on the Bofors gun deal, has clearly indicated that the Congress was deliberately trying to hide the issue under the Swiss authorities while claiming all the time that it had nothing to hide. If the National Front Government could get the accounts frozen following filing of an FIR and securing of a letter rogatory, the Congress Government too could have done all this. The fact was that it did not want the truth to come out.

-, -, -, --, effect on PRIME MINISTER, GANDHI (Rajiv)

45. BOFORS BUSINESS. Janata. 43, 29-30; 1988, 12, 4; 4-5.

Apparently, V.P. Singh has touched the PM on the raw by his recent disclosures about the payment of commission, as recently as last year, on the purchase of the Bofors guns and the number of an alleged secret account in a Swiss bank. The behaviour of the government benches including senior ministers, the silence of PM and his conspicuous absence from the House throughout the discussion and propaganda of pro-establishment newspapers cumulatively show that

there is some thing about the Bofors business which implicates highly placed persons and not that they do not want it to be discussed in Parliament. It is for the larger parliament, the public to take up the matter and find the truth if it is possible.

-, -, -, SUPREME COURT

46. BOFORS: A battle won. Hindustan Times. 543, 351; 1992, 12, 19; 13.

A major and repeatedly encountered hurdle to investigations into the Bofors kickbacks has at last been removed, with the Supreme Court's final verdict upholding the first information report in the case and letters rogatory issued for its legal pursuit in Switzerland and Sweden. The apex court had sought to clinch the issue in August when it struck down the first of such unholy attempts authorised by Former Delhi High Court judge M.K. Chawla. In addition to the absurdity of the argument that the FIR, only initiating the investigations, was faulty for not identifying the culprits, the court has exposed the error of the High Court ruling that the Joint Parliamentary Committee probe into the multi-crore scandal had rendered the subsequent CBI effort redundant. The Supreme Court has sent out an unmistakable signal by keeping to the deadline set by the Geneva cantonal court for the

verdict. The very first of steps in the task of finding the truth about the hidden deal over the Howiter gun, to be put beyond challenge.

-, -, -, SWEDEN

47. SUBRAMANIAM (Chitra). Chance for India to choose truth on Bofors. Statesman. 130, 9482; 1991, 11, 11; 1.

The Swedish government's decision that it will re-examine all the Bofors documents is seen as a positive but a small step in the Bofors saga. It is also not known at the moment what this means for the Indian part of the scandal because from Sweden's point of view, Bofors' smuggling cases are most* significant. Documents seized from various sources run into thousands and it believed that those concerning India will not be priority because most of them are already available. The Bofors - India scandal is important in Sweden mainly because Palme's role in swining it was controversial.

-, -, -, SWEDISH, FEDERAL COURT

48. IYER (Shekhar). Bofors comeback. Illustrated Weekly of India. 113; 1993, July 31 - August 6; 14-5.

The Bofors scandal, a symbol of corruption in high places out shone only by the securities scam, has

been rocking the political scene in India. The latest disclosure, giving the names of seven people who were opposing the transfer, to India of bank documents relating to the Bofors deal, has once again turned the needle of suspicion towards the Gandhi family. The Swiss federal court's decision made it clear that there is no further legal obstacle to the release of the names of the owners of the secret bank accounts into which was paid the commission for fixing the Rs 200 crore gun deal.

-,-,-, SWISS OFFICIALS and SWISS BANKS

49. SUBRAMANIAM (Chitra). Bofors involves India's dignity. Statesman. 130, 9409; 1991, 8, 17; 13.

Bofors is no longer an issue just about corruption. It has to do with dignity - of a nation. At a time when the official Indian mantra has it that every rupee saved is a boon for a country strapped for cash, Swiss officials are wondering why serious efforts are not being made to retrieve that Bofors kickbacks to Swiss banks. Procedural matters were raised to halt progress on substance. Several people, including many diplomats, have inquired after health of the Bofors kickbacks in Swiss banks.

-, -, -, SWITZERLAND, DIPLOMATS

50. SUBRAMANIAM (Chitra). Will agenda cover Bofors? Statesman. 130, 9452; 1991, 10, 7; 6.

The Swiss diplomat has full - meetings with his Indian counterpart, the Finance Minister, as also the captains of the Indian industry. Though the Swiss diplomat is not expected to raise the Bofors issue on his own, what is less known is that Mr. Felber, as the Chief of Switzerland's diplomacy, signed the memorandum of understanding on mutual assistance in criminal matters between New Delhi and Berne on February 20, 1991. The investigations in Switzerland are at a crucial stage - the court in Geneva will decide in the coming weeks whether it can hand over the bank documents with names of the Bofors kickback recipients to the Indian investigators.

-, -, -, -, FEDERAL COURT, ENQUIRY, CBI

51. REGRETTABLE TURN. Financial Express. 16, 300; 1990, 12, 21; 8.

The twist that the judicial process has taken in respect of Bofors cases raises grave doubts about the fate of the investigations of the Bofors kickbacks. The Swiss Federal Court has found a prime facie case of bribery in the deal and has remitted to the Indian

Government documents relating to one of the secret accounts. Even if the evidence available now does not establish the recipients of the kickbacks, the documents that the CBI has received from the Swiss government provide the basis for further investigations. It is very important that the FIR in the criminal case for bribery and fraud should continue to be heard by an Indian court.

-, HAWALA

52. FAIZEE (Shameem). Source of hawala funding must be unearthed. New Age. 44, 8; 1996, February 25 - March 2; 1.

The second round of filling of chargesheets in the hawala case has taken the toll of four ministers of Narsimha Rao ministry and the BJP has been forced to ease out Delhi chief minister Madan Lal Khurana. But the filing of chargesheets has also exposed the vulnerability of the premier investigating agency. Nobody has alleged that the prime minister's name is in the seized diary of the Jains. The hawala scam began with the arrest of two Kashmiri militants in Delhi. They had huge sums in their possessions, a good part of it in foreign currency. The CBI seized the diary which contained names of about 115 persons to whom Jains have made payments on different occasions. Hawala case has

much deeper and wider ramifications. The angle of national security need to be looked in.

53. GHOSH (Shekhar). Hawala: Just down, not out. Outlook. 11, 8; 1996, 2, 21.

The hawala scandal may have scared politicians and outraged the nation, but it remains more or less business as usual as far as the trade itself is concerned. Traditionally, transfer of money to and from India gains momentum before elections. While politicians want to convert their forex reserves outside the country into Indian rupees for campaigning purposes, NRIs and residents with links abroad want to convert large parts of their holdings of dollars. Hawala is here to stay. Bankers claim that even if the rupee is made totally convertible, hawala transactions will continue. As long as the tax rates are high in the country, unaccounted money will remain in the system which will always encourage hawala transactions.

54. HAWALA THREATENS system. Janata. 51, 2; 1996, 2, 18; 3-4.

Hawala not only proliferates corruption but it possess a grave threat to the stability of the economic and political system, its credibility and imperils the security of four nation. The havala

transactions mainly deal with illegal exchange of various currencies and amassing huge amounts, using them in concerned cases as bribes for availing of certain financial benefits, concessions, licences, clearance of certain schemes etc. The exposure of the Hawala transactions seems to be the latest evidence of such a collusion.

55. KAPOOR (Sanjay). Politics of hawala. Mainstream. 34, 20; 1996, 4, 20; 29-31.

Hawala is a Hindi word which means transfer of property or information via a third party of fiduciary. Hawala banking is increasingly used for laundering drug profits from the entire subcontinent. In India, these slush funds have been used for political purposes by many misguided politicians. All the while when the political leaders thought they were dictating the events, it was the mafia which was playing around with the strings like the puppeteer.

56. NEGI (AS). 'Not me' generation of politicians. National Herald. 28, 76; 1996, 5, 24; 4.

When the hawala scam burst upon India's political scene involving many tainted politicians appeared before the public saying 'Yes, I took the

blame. It would not be wrong to say that the biggest bane of present-day India is this 'Not-one Generation' of politicians. The deliberate 100 pholes left in the cases filed by the investigaton agencies will enable the scame tainted politicians to come out unscathed of the entire episode, 500 near or later. Soon another political drama would be come on stage to divert people's attention away from the hawala, and scam-tainted politicians, and onto something more gripping.

57. PURKAYASTHA (P). Hawala multinational ring subverts Indian power sector. People's Democracy. 20, 10; 1996, 3, 10; 5.

The hawala scandal is removing the veils one by one of the nexus between certain sections of Indian big business, the multinationals and the political bureaucratic segments. The main actors of hawala - the Jains and Bhillai Engineering - were most active in the power sector. The Jain diaries provide a detailed road map of how multinationals suborned the power sector. The hawala case thus makes clear that the danger of imperialism is not just an abstract one but a direct threat to a country's indignous capability. Using the hawala for suborning key officials is not just

indulging in corruption for selling equipment or protects, but sabotaging the national economy.

-, -, effect on BJP, MADHYA PRADESH

58. RAJAN (N). Hawala to help BJP most in MP. Patriot. 33, 327; 1996, 3, 14; 5.

The BJP has noted that the unity between the two congress parties is no longer a possibility. The filing of chargesheets in the Hawala case against Arjun Singh and ND Tiwari by the CBI has once for all frustrated unity efforts made by some Congress leaders. Tiwari and Arjun Singh have now no option but to oppose the Congress in the elections.

-, -, --, ECONOMIC SYSTEM

59. RAMACHANDRAN (KS). Economic scene: Don't legitimise the Hawala system. Financial Express. 17, 249; 1991, 11, 2; 6.

While one cannot be too moralistic and demand of the government an attitude the perpetually says no to the hawala system. It could suffer a further bashing with more rupees coming for foreign currency. To the extent that the hawala exchange rate rises in response to increased demand, this could easily provide the case for a further sharp depreciation of the rupee. In this

instance, they are required to render the havala system ineffective, not legitimise it and give it a respectability that it does not deserve.

-, -, --, ELECTIONS

60. HAWALA GHOST on election. Third Concept. 9, 108; 1996, 2; 5.

All the national political parties, except the leftist block, have been involved in the recent Hawala case. Names of more than a hundred political personalities have been found in the so-called famous Diary of Jains. Names of several important bureaucrats are also there. In this year of general election, action of CBI and its designated court on these persons may have impact on masses. All multi-million scam of Rao's regime have been overlapped by this Hawala case and prospects of all challengers to leadership within the party have been irreparably damaged. Names of National Front leaders, SR Bomai and Sharad Yadav have also been included in the Jain diary. CBI has to prove these political leaders guilty or innocent. But that may take some time. General election is on the door step and the people's court will give their judgements on these Hawala accused very soon.

--,--, PARTIES, CONGRESS (I)

61. CHAKRAVARTTY (Nikhil). Congress (I) in disarray. Hindu. 119, 57; 1996, 3, 7; 8.

Although avoiding in public such down right accusations against the party president, quit a few of other Congress (I) leaders picked up by the CBI in the jain hawala case have been bitterly denunciatory of Narsimha Rao holding the twin portfolio of the Prime Minister and the Congress (I) president. This aspect of the jain hawala case gives one a glimpse of the sorry state of affairs into which the Congress has been reduced today. Public response to an allegation of corruption is as a rule taken as good as being corrupt, as the public does not normally wait for the final verdict of the court. The corrosion of public morality has been so serious that Congress (I) has little hope of surviving as a political entity at all.

62. FRACTURED POLITICS. Janata. 51, 7; 1996, 4, 14; 1-2.

The Hawala episode gravely harmed the Congress. The involvement of several ministers and their subsequent resignations from the Union Cabinet posed a new dilemma before the Congress. The initial posture of the Congress was, that the Congressmen including ministers who were given a charge sheet in the Hawala

case could contest the elections, so long as the charges against them were not proved in the court. The High Command of the Congress finally took the decision that those under the Hawala cloud should not contest the elections. This decision again created a new wave of revolt among the Hawala tainted former Congress Ministers.

-, -, --, -, CONGRESS and BJP

63. RAJAN (N). Hawala: Setback to Congress poll prospects; Slumps in BJP support base also. New Age. 44, 14; 1996, 4, 7-13; 6.

The Congress (I), therefore, will have a tough time in the present circumstances. Both the Congress (I) and the BJP are riven with dissensions no doubt but the ruling party is placed in a highly embarrassing situation as four of its stalwarts have been implicated in the Hawala case. V.C. Shukla, Madhavrao Sciendia, Kamalnath and Arvind Netam were all entrenched in their respective constituencies. But the Hawala scandal has weakened their position.

--,--,--,--, POLITICAL

64. POLITICAL CRISIS and the way out. Radical Humanist. 59, 12; 1996, 3; 1.

For some time now, India has been involved in a political crisis. The situation has been made much worse by recent events which have shown that almost every political party in the country is infested by corruption. The ongoing Hawala case is only the last instance which proves that corruption on a large scale prevades almost the entire political sphere as well as all branches of administration. The Hawala case has, however, shown that this party also cannot claim to be corruption free.

--,--,--, POLITICIANS, PAKISTANI, ROLE, PRESS

65. JOSHI (VT). Hawala has its echo across the border. Sunday Observer. 64, 113; 1996, 3, 3-9; 6.

The infamous hawala scandal which is making waves in India has cast its shadow over Pakistan and, it seems, made a profound impact on public opinion there, if the Pakistani press is to be believed. The article points out the one sided political victimisation that has long been the characteristic practice in varying degrees in both countries. Indeed, the two countries are mirror images of one another;

only the mirror is either concave or convex depending on the peculiarities of the scam at a stipulated time.

-, -, ENQUIRY, CBI

66. BASU (Tarun). Scandal raises demand for political reform. India Abroad. 26, 18; 1996, 2, 2; 4.

Ten politicians, including three cabinet ministers and leading opposition leaders, and 16 serving and retired bureaucrats have been arranged by the Federal anti-crime bureau, the CBI, for involvement in the bribery and money laundering case. All of them have been charged with receiving illegal payoffs from influential businessmen brothers in exchange for forces. The diaries, which Narain claims have been authenticated, is a belonging to every national political party, except the communists.

67. CBI'S MOVE on hawala scam: A unique development. Mainstream. 34, 7; 1991, 1, 20; 1-2.

The Central Bureau of Investigation's belated move to file charge-sheets against senior politicians and seek permission to prosecute three Union Ministers occupying important posts in the Narsimha Rao Government allegedly involved in a multi-crore hawala

scandal. Whether the CBI's move would help initiate the process of rooting out corruption from public life is a difficult query to which it would be impossible to venture any immediate reply. The latest development relating to the multi-crore hawala scandal would definitely be a shot in the arm of those engaged in such an effort.

68. DASGUPTA (Shibani). Hawala takes a heavy toll. Prout. 7, 8; 1996, 4, 16-30; 18-9.

Despite the earlier bravado and cries of escaping from the doubts created by disclosures in the hawala case, a realisation has dawned upon the political bosses that they cannot wash away the strains left on the reputation of many a senior-leader charged by the CBI. As such, the political thinkers have come round to the view that it would not be possible to wish away in the near future or get hasty verdicts on them from the courts.

69. JOSHI (Charulata). In explicable lapses. India Today. 21, 3; 1996, 2, 15; 43-53.

While the CBI insists that its recent charge - sheeting of 10 politicians including three cabinet

ministers - in the course of its continuing investigations of the jain hawala case was a bold step that has established its credibility and independence, critics and legal analysis point to several 100 poles and, raise significant doubts. The scandal surfaced following sporadic CBI raids on hawala operators in Delhi in 1991, with the discovery of incriminating documents - two diaries and two files - from Bhilai-based industrialists S.K. Jain's residence. Investigators concluded - by studying entries contained in the diaries - that there had been payoffs of upto 65 crore to 115 persons. The CBI may have to face continuing criticism for some of these unexplained lapses.

70. MUCK SPREADS. Economist. 338, 7955; 1996, 3, 2; 28.

A corruption scandal engulfing Indian politics claimed fresh fresh victims. Four more ministers of the central government resigned, joining in limbo the three charged earlier by the CBI. Since over a third of the Indian cabinet have now been formally accused for corruption, one might except the Prime Minister, Narsimha Rao, to be in some trouble. This was fairly brozen, given the unshakeable reputation his party has for venality. But the hawala scandal has exposed other parties as venal too, and Mr. Rao may gamble that his best chance is to pose as a sinner, embracing reform.

71. PARAKAL (Pauly V). Hawala case exposes extent of corruption in high places. New Age. 44, 3; 1996, January 21 - January 27; 1.

Hawala is the illegal operation in which dollar payments are made abroad in exchange of rupees paid in India and vice-versa. The case is of corruption. The police arrested two Jain brothers and in a raid on their house found a diary. The diary had entries of huge sums being paid to political leaders and bureaucrats. Out of 114 names CBI has so far identified about 70 persons. The CBI has filed chargesheets against seven politicians and asked for the president's sanction to file chargesheets against three union minister in what is known as the hawala case. All the ten accused have proclaimed their innocence and probity in public life. That is for the courts now to decide as the prosecution proceeds apace, as directed by the Supreme Court.

72. RAMAKRISHNAN (Venkitish). Hawala racket: Has the CBI probe been selective? Frontline. 12, 10; 1995, 10, 6; 130-31.

The investigation into the disclosures in the Surendra Jain diaries - popularly known as the politicians' hawala racket - is no different. What the

Jain diaries represent is not merely a hawala racket but a conspiracy to strangle Indian democracy. The case pertains to a series of payments amounting to Rs 68.8 crore allegedly made by businessman Surendra Kumar Jain to senior bureaucrate and politicians, including present and former Cabinet Ministers and opposition leaders barring those from the left parties.

73. SEN (Mohit). India should not be caught napping. Patriot. 33, 320; 1996,37; 4.

The present developments on what can be called the 'hawala front' bring back memories of the later days of the Emergency. It is an undoubted fact that corruption abounds at the highest level of all types and forms of authorities in our state. Corruption, however, is another matter. It is all-pervasive and there is general public cynicism about anybody doing anything about it. Whatever may have been the motive of the Supreme Court or anybody else, this is precisely what is happening after the CBI has begun to display extraordinary zeal in pursuing the so-called hawala case, where the evidence has been conveniently, though uncharacteristically provided by easily identifiable names in the diary of a notorious but experienced hawala dealer.

74. SURJEET (Harkishan Singh). Hawala chargesheets: Fallout and implications. People's Democracy. 20, 4; 1996, 1, 28; 1.

With the CBI charge sheets against ten top politicians and eight bureaucrats, the much awaited proceedings against those accused of receiving illegal money through Hawala transactions has begun. Among those chargesheeted are three Union Ministers, the President of the BJP and several other leading politicians and high-ranking bureaucrats. It was by sheer accident that the CBI stumbled upon this huge mine of information contained in the diary, a virtual who's who of the Indian political scene, against whose coded names were entered rupees that were allegedly paid to them. The hawala transactions have exposed a host of politicians and high-ups in the country's polity. They have laid before the people not only the grave nature of the crime that they have committed, but also the risk that these men pose to the country's security.

-, -, ENQUIRY, CBI, 1988-91

75. HAWALA SCAM. Democratic World. 25, 3; 1996, 3, 15; 4-8.

The CBI has based its investigations on the nothings made by the hawala dealders in their diaries,

investigations have disclosed that from 1988 to 1991, accused SK Jain, JK Jain entered into a criminal conspiracy with the object to receive unaccounted money to disburse the same among themselves and also to their companies, close relatives, friends and various other persons including the public servants and political leaders. Though the amount involved was not as big as in the previous scandals that have rocked the nation in the last few years, the Rs 65 crores Jain Hawala scandal has given the biggest shock to the Indian political system.

-, -, -, -, SUPREME COURT

76. SAHAY (S). PM's problems: Moves and counter-moves. Tribune. 116, 224; 1996, 8, 13; 8.

The CBI has been debarred by the Supreme Court from consulting anybody else in the hawala case but otherwise the outfit still functions under the Prime Minister. If the CBI is dragging its feet about interrogating a former Prime Minister, what chances are there of an adverse finding against the Prime Minister even if warranted by the situation?

-, -, -, -, -, JUDGEMENT

77. BASU (Tarun). Corruption scandal: Action against 10 law makers initiated. India Abroad. 26, 23; 1996, 3, 8; 4.

A special judge hearing cases in the corruption scandal, that has shaken the country like never before, issued arrest warrants against 10 of the 24 politicians charged by the CBI for accepting pay-offs from businessmen in exchange for favours. The Supreme Court, which has been monitoring the progress of the case in response to a public interest litigation from activist-journalist Vineet Narain and three others, had ordered the CBI not to take instructions from any one else other than the court on its investigations. Rao apparently is not disinclined to giving party nominations to those charged by the CBI, rationalizing that "the people should be the ultimate judge of their actions", according to party members.

78. MENON (SM). Hawala: Enough grounds for prosecution. People's Democracy. 20, 9; 1996, 3, 3; 7.

Political life has few certainties. The knowledge that members of the bourgeois political fraternity would not break solidarity and begin flinging mud in a manner that could taint one of their own kind, was one of the few such. Political battles

could be fought over corruption but these seldom if over, spilled over into the domain of the law. That circle of shared complicity was broken on January 16, when the CBI, under the prodding of the Supreme Court, summoned the will to file charge sheets in one of the biggest known payoff scandals in recent history. And the breach widened on February 22, when under the pressure of another judicially imposed deadline, the CBI filed 14 more chargesheets against political heavy weights from various parts of the bourgeois spectrum.

79. TEXT OF SC order on hawala case. Radiance. 31, 11; 1996, 2, 11; 15.

The gist of the allegations in the writ petitions are that the government agencies like the CBI and the revenue authorities, have failed to perform their duties and legal obligations in as much as they have failed to properly investigate matters arising out the seizures of the so-called Jain diaries in certain raids conducted by the CBI. The CBI and other government agencies must expedite their actions to complete the task and prevent pendency of this matter beyond the period necessary.

-, -, -, ROLE, CBI JUDGE, GUPTA (VB), DESIGNATED COURT

80. DANGEROUS TREND. Pioneer. 6, 59; 1996, 3, 1; 10.

The special Hawala court judge VB Gupta has created political history by issuing non-bailable warrants against an array of leading politicians including BJP President, Lal Krishan Advani and several former Cabinet ministers. It is a bit of a mystery why the learned judge has felt the necessity of issuing non-bailable warrants against such high-profile public figures who would find it difficult to evade or obstruct the process of justice. The judiciary needs to ensure a speedy and fair trial in the Hawala case and punish all those found guilty regardless of their political stature or influence. It would, of course, be a sterling achievement if Indian democracy is purged of corrupt politician. The dangers of throwing out the baby with the bathwater can hardly be minimised.

-, -, -, -, -, JUDGE GUPTA (VB)

81. JOSHI (Rakesh). Pandora's box opens. Business India. 1, 56; 1996, 2, 12-25; 21.

The charge-sheets against the three former ministers contain further damning evidence of their association with the Jains. The two truck loads of documents which CBI sleuths last fortnight delivered at the designated court of the special judge V.B. Gupta

to back-up the 12-charge sheets filed earlier, could well mean more sleepless nights for the investigating agency. A reappraisal of the total amount used by the Jains as pay-off money reveals that the figure may well jump beyond a shocking Rs 300 crore. The gross under-estimation of the amount involved in the hawala scandal is a new and evolving aspect. But, then, it would be for designated court to decide whether the probe should go beyond the cut-off period mentioned in the Jain diaries, to unearth the sweep of the scandal. And this is where the CBI would have to once again made through the two truck loads of evidence to have a wider look at the scandal.

-, -, POINT OF VIEW, LEFT PARTIES

82. DANG (Satya Pal). Left can still take initiative. New Wave. 25, 28; 1996, 2, 25; 1.

The Hawala case which has led to an earthquake in the political life of the country has also give on opportunity to cleanse public life which has indeed reached very low depths. By and large the political leaders who dominate the country and who have become tainted are not concerned with utilizing this opportunity. Upright persons, specially young people keen to serve the country and the people - must not shun politics but must join it with a determination to fight a ruthless struggle against corruption.

-, -, ROLE, ADVANI (LK)

83. HIGHWAY ROBBERS ruling India: Chankya must go for this moral decay and utter chaos. Dalit Voice. 15, 6; 1996, 2, 1-15; 3.

Only when the CBI charge-sheeted the Union Cabinet Ministers plus the Hindu nazi party chief, L.K. Advani, the country work up to the gravity of the situation. But why the chanakya is hiding the much bigger share market 'Scam' corruption involving several hundreds of crores of rupees but guillotining only the hawala hoodlums? Joint Parliamentary Committee (JPC) that probed the Bank Scam had indicated Finance Minister Manmohan Singh, the present Reserve Bank Governor and the just retired one - both lyers - and a host of other big wigs.

84. MUCK STOPS there. Economist. 338, 7950; 1996, 1, 27; 27.

Attack can be the best form of defence. India's Central Bureau of Investigation charged ten people, including the leader of the opposition Bharatiya Janata Party, L.K. Advani, with receiving money from the Jains - a business family charged with money laundering and influence pedding. The party has struck back by disclosing that, during interrogation, the Jains also

said they had paid 35 m rupees (\$ 1 m) to three intermediaries to be passed to Narasimha Rao, the Prime Minister leader of the Congress party. The CBI may soon charge more of the 65 politicians named in the diaries, including a cabinet minister or two. There is still a risk, however, that the muck from the Jain scandal could taint the Prime Minister. The broader risk is that it will discredit Indian democracy as a whole.

85. NAYAR(Kuldip). If wishes were horses: Havala racket. News Weekly. 2, 48; 1995, 12, 4; 15.

BJP Chief L.K. Advani himself has yet to clear his name from the charge that he received money from abroad - the havala racket which came to light through a CBI raid in 1991. There are a few other BJP leaders who are also involved in the hawala racket. The party, like many other political organisations, is riven with dissensions.

-, -, -, AMIR BHAI, ENQUIRY, CBI

86. EXTRADITION CONFUSION. Tribune. 116, 221; 1996, 8, 10; 10.

A Hong Kong court has turned down the request of the Central Bureau of Investigation for the extradition of the hawala dealer. The act of merely filing an

appeal in the higher court may not help secure the extradition of Amir Bhai if there are legal infirmities in the case. As far as the Amir Bhai case is concerned, CBI should try a new angle for securing the deportation of the hawala operator. Amir Bhai technically is an international terrorist who also had a role in the hawala scam.

87. KAPOOR (Sanjay). Hawala trail leads to Gulf. Blitz. 56, 5; 1996, 2, 3.

Taken a back by the close links of the absconding hawala dealer, Amirbhai, with some of the rulers of the Gulf countries, the enforcement agencies on the trail of the main accused in the politically sensitive hawala scandal seem to be developing cold feet. The hawala dealer, who is listed in the infamous Jain diary as a source from whom more than Rs 51 crore came to India during the period 1988-91, has been missing after the CBI and the enforcement directorate got wind of his involvement and spread a dragnet for him. The prime accused in the hawala scam, Bhilai based industrialist S.K. Jain. Amirbhai unambiguously, after initially having informed the authorities that Rs 65 crore hawala amount was his own unaccounted black money. It was now well known that the first page of the Jain diary contained a list of payments received in

foreign exchange. These transactions obviously took place in some foreign country.

-, -, -, ARIF MOHD KHAN

88. BHARDWAJ (AK). Wide ramifications of Hawala episode. Prout. 7, 4; 1996, 2, 14-29; 29-30; 34.

The highest number of witnesses examined and documents scrutinised were in the case of former Union Minister Arif Mohd Khan who had severely criticised the CBI and levelled personal allegations against the CBI director, Mr. K. Vijaya Rama Rao. For gathering evidence against Mr. Khan as many as 194 witnesses were examined and 275 documents scrutinised. In the case of names, the abbreviations do not follow a fixed pattern. The list of men whose names allegedly figure in the hawala case appear to be a roll call of Indian politics; from Gyani Zail Singh and Mr. Rajiv Gandhi down to Mr. Madan Lal Khurana.

89. PRADHAN (Sharat Chandra). Back in business. Sunday. 22, 38; 1995, 9, 17-23; 34-35.

Arif Mohammad Khan is trying his best to paint himself as a victim. He says that there were a least 65 names in Hawala racketeer Surendra Jain's diary. And they included such political heavy weights as Narasimha

Rao, but only he is being singled out for harassment. All that has negative publicity, it has served to train the spot light on a man who had faded out from public memory.

--,--, BUREAUCRATES and BUSINESSMEN

90. JOSHI (Rakesh). Hawala scandal: Indicating a political class. Business India. 467; 1996, January 29 - February 11; 60-72.

The charge-sheets filed by the CBI in the court of special judge V.B. Gupta are not exactly a prosecutor's delight, but some do have elements of political obituary. If the investigating agency has not been able to establish a quid pro quo between the Jains, the prima accused in the hawala case, and some of the alleged recipients of the pay offs, it is not for want of hard work on its part. The Supreme Court has been taking an active interest in the Rs 65 crore hawala case and has, more than once, pulled up the CBI for not expediting the probe. The hawala case involves politicians, bureaucrats and businessmen of all colours.

-, -, -, CBI

91. BRING CBI under President of India. Radiance. 31, 14; 1996, 3, 10-16; 3.

The Central Government, in the wake of Hawala turmoil is trying to create the impression that it is working in an even-handed manner. An eminent judge, Mr. V.S. Gupta came down heavily on the CBI for applying different sets of rules for different accused in the Hawala case. The CBI had chosen not to arrest certain accused, while they arrested another set of accused persons. The CBI be made an independent body and put directly under the supervision of the President. It is all the more necessary now because values like morality, honesty and probity in public life are registering fast erosion in the country.

92. HAWALA CASE: Fear over safety of documents. Democratic World. 24, 4; 1996, 2, 29; 6-7.

Though investigations in the hawala scandal have led to pulling out of some skeletons from a few cupboards and a couple of chargesheets filed in the special court, serious doubts persist over safety of the documents claimed to have been seized by the Central Bureau of Investigation (CBI) while probing Rs 96 crore illegal transactions among various political leaders, ministers and bureaucrats. Anil Dhavan fears

that vital documents and files so far kept under the court's seal with the Solicitor General may be tampered with. However, the judges - Justice J.S. Verma, Justice S.P. Bharucha and Justice V.B. Gupta to pass necessary directions for keeping in safety the original and xerox copies of the documents and files. Even as hawala case is hotting up and people's expectations from the apex court are at increase, the court has yet another petition to decide.

93. PRADEEP KUMAR. Combating corruption at high levels. Third Concept. 10, 113; 1997, 7; 25-6.

On going hawala controversy has further underlined the need of an autonomous and strong mechanism to deal with problem of corruption at high levels. Abnormally slow pace investigation by CBI has put its credibility under serious doubts. Apart from all likelihood of being misused as a political tool, an agency working under direct control and supervision of Prime Minister can not fairly deal with charges of corruption against the Prime Minister himself and against his cabinet colleagues because justice not only to be done but also seen.

--,--,--, SUPREME COURT, JUDGEMENT

94. GHOSH (Sankar). Yet another hawala casualty: The CBI myth its broken. Asian Age. 2, 352; 1996, 2, 6; 8.

The CBI has been taken to task by the Supreme Court for the second time for being tardy with the inquiry into the hawala cases, for the result achieved so far do not match the "available time and opportunity for a full investigation ever since the matter came to light". There is no doubt that the CBI has been dragging its feets on the probe. The CBI consists of policemen and officers on deputation from State and Central Police forces. Mere transfer to the CBI cannot make better police men of them. It makes them ruder and more prone to throw their weight about because they know that they are answerable to none but the Prime Minister.

--,--,--, GOVERNORS, ENQUIRY, CBI

95. DIGNITY OF governors has been upheld. National Herald. 28, 56; 1996, 5, 4; 4.

The Governors of Uttar Pradesh and Kerala, Motilal Vora and P Shiv Shankar are the latest victims of the hawala case. To uphold the dignity of the post they were holding, both of them resigned soon after they learnt that the CBI has plans to chargesheet them in the hawala case. The hawala tainted central

Ministers resigned only after CBI proceeded with chargesheets against them. Mr. Vora and Shiv Shankar did not wait to see the text of the CBI statement made in the apex court before sending their resignations.

-, -, -, JAIN (SK)

96. MURALIDHARAN (Sukumar). Hawala scandal: March of malfeasance. Frontline. 13, 6; 1996, 4, 23-5; 22-23.

Public interest was tickled by the appearance of the principal accused Surendra Jain at Judge Gupta's court. It was a day when the court was preoccupied with the summons issued to various senior politicians. Most individuals appeared with their supporters, responding to summons issued in connection with the hawala payoff scandal. The Prevention of Corruption Act is, however, an omnibus one with wide-ranging provisions for prosecution. Individuals are liable for prosecution for accepting illegal gratification while occupying public office, or even while expecting to do so.

97. NAMBOODIRIPAD (EMS). Indicted: The whole regime not a new individuals. People's Democracy. 20, 5; 1996, 2, 4; 3.

The CBI has already charge-sheeted a few prominent political leaders in the country in the well-

known hawala case. Among those who were thus charge-sheeted are three central ministers, the all-India president of the major opposition party in Parliament and a few others. They took money from Jain, a notorious businessman who organised hawala transactions. Jain's diary was seized by the CBI which gives a list of the recipients of his favours. The list contains over 100 names, and it is not known how many more will be charge-sheeted. The hawala case, however, is only the latest and most wide-spread conspiracy of big business, big bureaucrats and big bourgeois political parties.

98. SAKSENA (NS). Bribe comes before a fall: Disgust over political corruption has made even legitimate price hikes indigestible. Telegraph. 15, 36; 1996, 8, 11; 10.

People expect that the millions poured into the public sector should yield a profit of more than three percent of the investment. The fault does not lie with the concerned managements, but the corrupt politicians. The ruling classes blame the media for making the public illogical and angry. The media just exposes the true colours of Chandraswami, SK Jain and their ilk.

--,--,--, DIARIES

99. HAWALA SCANDAL. Business India. 467; 1996, January 29 - February 11; 1.

The Jain diaries are a calamity the nation could have done without. In a clash it has revealed to us, how rotten the core of the Indian democracy has come to be. But the extra ordinary thing is that the hawala scandal, which clearly has dimensions affecting our national security, since the source of funds to Kashmir terrorists and to the political top brass turns out to be the same, should have embroiled not just the ruling party. As such, the Jain related scandal sounds the death-knell of the entire political class. The scandal has burst as the nation prepares politically for the next general elections.

100. MAZUMDAR (Sudip). Dirt and diaries in New Delhi. Newsweek. 127, 10; 1996, 3, 4; 20-22.

Jain became the Indian capital's host with the most: his parties had the most booze, the most ostentation. To the prime ministers and top bureaucrats attracted to his side, this was just one more stop on the gravy train. But Jain kept notes on what he paid for their services. As those records continued to bring down reputations and careers the Indian political

establishment was ready to crown Jain after all: as the prince of its destruction. 42 Indian politicians and bureaucrats have been formally charged with talking Surendra Jain's bribes. The sea of corruption in Indian politics runs deep. Jain knew how to protect himself. He kept records.

101. NEHRU (Arun). Hawala issue will survive election turmoil. Sunday Observer. 64, 114; 1996, 3, 10-16; 6.

The hawala issue has several dimensions capable of turning it into a 'Watergate' for ^{many} people. The diary was based on initials and names and many a conjecture - and here money has been received, deposited and used. Twenty four senior leaders have been charge-sheeted on much less and it is unlikely that issue will go away. The hawala has many an offshoot and is something like an octopus. The hawala issue will survive the turmoil of the election. Many are looking for a speedy trial, and rightly so senior leaders have been indicted on the basis of a diary entry and little else.

102. NEW SCANDAL in India: Deadly diaries. Economist. 336, 7932; 1995, 9, 16; 35-36.

In India, it barely creates ripples. In 1991 the police arrested two people suspected of operating a

ring for illegal foreign exchange transactions. The diaries kept by the couple listed payments to numerous prominent politicians, including the late Rajiv Gandhi, together with several top bureaucrats. This was confirmation for most Indians of what they had long suspected - that politicians of all stipes had their hands in the till. In 1994 the Supreme Court ordered the police to take "purposive action". The Supreme Court, however, is willing to set aside other business and listen to legitimate complaints from public-spirited citizens. This remains one of the few checks on the political class.

--,--,--, effect on POLITICIANS

103. HAWALA REPUBLIC. New Age. 44, 4; 1996, January 28 - February 3; 1.

The nation is observing the 47th Republic Day in the midst of the stinking scandal of ministers and officials having taken bribes from the hawala king S.K. Jain and his brothers. The Central Bureau of Investigations has identified as many as 108 entries in the Jain diaries. But action in the form of CBI chargesheets has come only against three ministers and six former ministers, some of them in the opposition now. The leader of the opposition Atal Bihari Vajpayee, has charged the prime Minister himself with receiving

three crore rupees from the Jains. Corruption in high places will be the issue in the forthcoming Lok Sabha elections. It has been shown up that among the corrupt are its own tallest leader.

104. PATHAK (Rahul). Hawala scandal: Murky dealings: The country's top politicians are named in an industrialist's illegal transactions. India Today. 19, 6; 1994, 3, 31; 59-63.

A sheaf of rough accounts, scribbled by an industrialist's sidekick three years ago, is threatening to entangle 40 of the nation's top politicians in a web of illegal receipts and hawala transactions. The investigators seized lakhs of rupees in foreign currency which the two could not account for and a couple of diaries. The diaries were explosive. Monthly accounts has been meticulously maintained for the period 1988 to 1991 and on the payment side, there were the names of initials of 42 top politicians, including Rajiv Gandhi, Giani Zail Singh, Advani, Devilal, Jakhar. It was calculated that Jain paid Rs 52 crore over three years, if the diary did not lie. Most of the politicians named in the diary seemed to know Jain personally and many of them did not directly deny payments. Suddenly, the case became serious and sensitive. The CBI officials, interrogating Jain say he was admitted to the payments but insists the accounts

have been maintained in thousands of rupees and not lakhs. The case raised sensitive questions. The leaders are not rushing in their denials because they want to keep open the option of claiming "innocent political receipts" if the case against Jain is proved.

-, -, -, --, -, INQUIRY, CBI

105. CRIME AND punishment. Business India. 458; 1995, September 25 - October 8; 9.

More than a decade ago Indira Gandhi called corruption a global phenomenon. Since then, tolerance for corruption seems to have declined somewhat. All this has its origins in the so-called Jain diaries. These were unearthed as far back as in 1991, in the course of the CBI's investigations into the hawala networks. A tip off from a hawala operator led to a raid on the premises of one S.K. Jain, a minor businessman. The diaries contained the names of various politicians - virtually from every political party and bureaucrats - past and present - to whom payments had been made. Along the way, the scope of the enquiry has been changed with the hawala angle receding into the background. What floated to the top is murkier. Perhaps, the best way for the government to demonstrate its commitment to justice would be for it to create a

special court to try people against whom chargesheets are filed.

-, -, -, --, -, 1988-1991

106. HAWALA SCAM. Democratic World. 25, 3; 1996, 2, 15; 4-6.

Though the amount involved was not as big as in the previous scandals that have rocked the nation in the last few years, the Rs 65 crore Jain Hawala Scandal has given the biggest shock to the Indian political system. The CBI has based its investigations on the nothings made by the hawala dealers in their diaries investigations have disclosed that from 1988 to 1991, accused SK Jain, JK Jain entered into a criminal conspiracy with the object to receive unaccounted money to disburse the same among themselves and also to their companies , close relatives, friends and various other persons including the public servants and political leaders.

107. NAVAL KISHORE. Hawala scam. Pratiyogita Kiran. 1, 4-5; 1996, 4; 44-46.

The political turmoil as caused by the Jain Hawala scandal implicating a number of leading politicians of India has merely reinforced the general belief that political corruption is ubiquitous and

rampant with gigantic pace and strength. The Hawala scandal has many parallels with the bofors case that shook the country's political establishment in the late 1980s. To begin with, both basically relate to corruption at the highest level involving senior politicians. Using the hawala money laundering route, a middling businessman, Surendra Jain, and his associates managed unwillingly to net an astonishing collection of political big ways drawn from every part of the national political spectrum barring the heft. It was stroke of luck for anti-corruption cause that the Jains show meticulously noted the payments in diaries kept for the period 1988-91. The CBI had systematically fought shy of taking any concrete step against the politicians involved.

-, -, -, --, -, SUPREME COURT, JUDGEMENT

108. HAWALA SCAM. Other Side. 142; 1996, 3; 3-5.

For a country that has become notorious for a scam a day and which has reached the top of the global corruptometer, the hawala scam should not have taken five years to get untravelled. The Jain existed - but as great hosts who entertained media persons and also politicians and bureaucrats with the best liquor money can buy anywhere in the world in their multi-crore farm

house. But the Jains who wrote the diaries to some day blackmail the entryists to do their bidding did not exist. For the same reasons that the CBI has started working and Narsimha Rao has begun sweating: the Supreme Court finally decided that it will use the havala diaries to mount a cleaning operation.

-, -, -, --, -, CBI

109. MAZUMDAR (Sudip). Corruption: The bad part of everyday life. News Week. 125, 7; 1995, 2, 13; 14.

The most important fact of political corruption in India is that no Indian minister or politician has ever been jailed for taking bribes. Pressure is building on Rao to prosecute bribe-takers. In 1991 investigators raiding the New Delhi home of businessman Surendra Jain say they found a diary recording bribes to top officials for power-station contracts. Jain has filed suit with the Supreme Court to push the case forward. Throwing a few bribe-takers in jail would give a huge boost to Rao's public image, but at the risk of sparking a revolt in the bureaucracy and his own party.

110. MURLIDHARAN (Sukumar). Hawala: Lengthening list. Frontline. 13, 3; 1996, 2, 10-23; 4-10.

The Jain diaries which meticulously document a

trail of payoffs to political heavy weights and public servants over many years, are a unique document of corruption in high places. The scrutiny report of the CBI on two diaries, two notebooks and two files seized from the premises of the Jain Brothers in May 1991, identifies 114 recipients of their largesse since 1988. The diaries, small notebook and files are as good as books of accounts so far as the payments totalling Rs 65.47 crores are concerned. The key feature of the Jain diaries is that they allow no room for selectivity in prosecution. The hawala payoffs have always been a glaring omission in every catalogue of corruption.

111. SPEATH (Anthony), THAKUR (Sankarshan) and THOMPSON (Dick). Widening the net. Time. 147, 11; 1996, 3, 11; 16-17.

A special panel of three Supreme Court judges will oversee the CBI's continuing probe into the so-called Hawala scandal, named for India's black market in foreign exchange, where much of the dirty money originated. The scandal revolves around cash payments made to politicians, bureaucrats and well-connected businessmen with ambitious, in the late 1980s and early '90s. Jain and his family company sought connections and favours; when Jain paid someone off,

the amount was recorded in one of the three spiral notebooks, which became the scandal's Rosetta stones. The Jains were also in the Hawala business, and one of their clients was a militant group from Kashmir. 24 politicians has been indicted, mostly opponents, estranged allies or potential rivals of Rao. The Prime Minister and other individuals implicated in Jain's testimony, but not named in his network, were not charged.

112. ZEYAUUL HAQUE (Mohd). Hawala case: Selective justice. Nation and the World. 3, 96; 1996, 10; 1.

National leaders and important persons of the country figure in the SK Jain havala case involves big names like PV Narsimha Rao, LK Advani, Sharad Yadav, Rajiv Gandhi, Zail Singh, Arun Nehru, ND Tiwari and Satish Sharma. In fact, the diary is a Who's who of Indian Politics. Besides the political list there is a secondary list of the SK Jain case which has the names of top-notch bureaucrats of the country who worked as conduits to pass the havala money to recipients. The raids were ordered by the CBI chief K. Vijay Rama Rao on the instructions of his political mentor, the controversial trantrik guru Chandraswamy. Under the pressure the CBI decided to raid Khan's premises and

ignore the bigger fish like P V Narsimha Rao, LK Advani and Chandraswamy. They had never imagined that their attempt at selective justice would finally recoil on them.

-,--, KAMALNATH, RESIGNATION

113. CHHAYA MAYANK. Textiles Minister Kamal Nath resigns. India Abroad. 26, 21; 1996, 2, 23; 4.

As the bribery cases acquired momentum the Central Bureau of Investigation (CBI) said it had formalized charges against all those whose names figured in the four diaries and two files belonging to New Delhi businessman Surendra Jain and his two brothers. A billowing Rs 650 million (\$ 18 million) bribery scandal rocking India's political establishment claimed its forth ministerial victim when Textiles Minister Kamal Nath resigned from the Narsimha Rao government.

-,--, PARTIES, CONGRESS (I)

114. SAHAI (Suman). 'Hawala' politics: A Congress legacy. Economic and Political Weekly. 31, 5; 1996, 2, 3; 258-254.

The advent and increasing doubt of money and muscle power in politics must be considered the

infamous legacy of the Congress party to national politics. There is no doubt that the muddying of the political waters with tainted money began with the Congress. The 'hawala' case indicting three central ministers and the leader of the opposition, among others, under scores the fact that unless we introduce transparency in the electoral process through a system like state funding, the democratic process itself could be seriously threatened.

-, -, -, -, -, and BJP

115. KARP (Jonathan). Who's clean now?: Corruption scandal traints entire political establishment. Far Eastern Economic Review. 7, 8; 1996, 2, 1; 22-3.

India, has been wracked by a series of scandals in recent years. ^{More Cabinet Ministers} ~~Are~~ likely to face charges as the Central Bureau of Investigation prepares to widen the case. The investigation stems from two diaries seized in 1991 from New Delhi businessman Surendra Jain. Jain's diaries contained records of 115 payments to New Delhi politicians and bureaucrats over three years, often identifying the recipients by initiate. The CBI indicments indicate that some of these payments were made in return for favours, particularly power contracts. The corruption scandal has made the election

result even more difficult to forecast. Before the Jain case erupted, most analysts were predicting a hung parliament, leaving the Congress Party and the BJP each scrambling to form a majority coalition with regional parties.

116. SEIZE THE opportunity. Business World. 15, 23; 1996, 2, 7-20; 1.

The new political wisdom in the wake of the hawala/bribery scandal is that the prime minister has defanged his political critics on the corruption issue, that the BJP and the rest now have to battle with the Congress on a level playing field when it comes to corruption. And since everyone is now in the same predicament, corruption becomes less of an issue in the coming general elections. The brave will jump from this to the assertion that the new situation might well benefit the Congress. If the hawala/bribery scandal does anything, it pushes corruption to the centre of the stage as the big issue of the day.

-, -, -, -, UNITED FRONT

117. SWARUP (Hasrihar). UF undecided on Havala accused. Patriot. 34, 55; 1996, 5, 28; 4.

There are differences in the Janata Dal over the

question of the Havala tainted MPs in the government. Those falling in the Havala category included ND Tiwari, SR Bomai, Sharad Yadav and Sciendia. The other opinion is that the people have washed off the Havala smear by electing some of the tainted leaders. A new phase of uncertainty looms large over the political horizon, leading of realignment of political forces and emergence of new equations.

-, -, -, POLITICIANS

118. BASU (Tarun). Bribery scandal claims more victims. India Abroad. 26, 22; 1996, 3, 1; 4.

India's corruption scandal snowballed claim four more government ministers who quit in a systematic purge that has so taken a toll of 25 politicians belonging to different parties. Those ministers who had to quit have made no bones about their resentment and accused Rao of masterminding the entire operation. Some of them have been hobnobbing with known Rao opponents and newspapers have written about the prospect of an anti-Rao cabal building up in the party.

119. VARDE (Sadanand). Hawala at our doorstep. Radical Humanist. 60, 1; 1996, 4; 11:13.

All parties have given a taste of their exercise

of power. While the Congress having been in power for long has the lion's share of corruption, other parties, whether of the left, right or centre, are far from being free from it. The fountain-head of corruption has been the selfish and self-seeking exercise of political power under a regulatory economic regime which used controls and licensing of investments and imports to fill party coffers and pockets of ministers and bureaucrats. In a wider sense 'hawala' is at our door step.

-, -, -, -, and BUSINESSMEN

120. SINGH (Chandra BP) and VIJAY KUMAR. Corruption in India: Harshad to Hawala. Third Concept. 10, 110-11; 1996, 4-5; 49-51.

On the question of economic development, the Indian political system has once again proved its poor accountability. From Harshad to Hawala the nation has experienced liberalisation of corrupt practices being adopted either by businessmen or politicians, kickback, racket, underhand deal, scam, scandal, tips, etc., are few common manifestations of corrupt practices in the business world that need not demand justification. Corruption is a global phenomenon. The concern that the globalisation of business can also result in the

globalisation of business can also result in the globalisation of corruption and that Indian firms can accomodate scams and scandals without any noise is not an unusual phenomenon.

-, -, -, -, effect of DIARIES, JAIN (Surendra)

121. MAC CUNE (Dalip). Hawala: Leadership crises. Rashtriya Sahara. 3, 10; 1996, 2; 16-24.

The revelations made by Jain's diary have precipitated a crises of governance in India. Almost all national parties have their leaders' neck stuck in the hawala morass. The nation seems to be facing the biggest political crises since independence, as the very existence of democracy is in jeopardy. The implications of investigations against various politicians in hawala case can prove to be disastrous for the national leadership. The political-criminal-businessman nexus has punctured the credibility of politicians. In place of discussing the national agenda, the politicians are discussing their personal agenda - how to save their skins in the hawala case.

-, -, -, PRIME MINISTER, NARSIMHARAO (PV)

122. ANOTHER GOOLOGY from Rao. Pioneer. 6, 62; 1996, 3, 4; 10.

One of the least profitable endeavours of recent times has been Rao watching. It is indeed a Herculean challenge to even attempt unravelling Rao's Chanyaka - like thought process and, quite clearly, the Prime Minister has no intention of making this any easier. In a tone of reassurance that has been singularly absent from his pronouncements on this subject so far, he appeared to commit himself to giving Lok Sabha nominations even to former Ministers who alleged received Hawala pay-offs. Mr. Rao decided it was necessary to muffle the protests which could snowball into large scale absenteeism or worse during Parliament's current session. Most Rao wathers believe he will use the Hawala probe to build his personal image as a crusader against corruption. This could also be a way of justifying his own continued leadership of the party, even if further revelations implicate Rao himself in the burgeoning scandal.

123. NAQVI (Saeed). Hawala: A precursor to a crusade? Pioneer. 6, 51; 1996, 3, 3; 10.

Money was needed to run political parties even

during Gandhi's days. As competitive politics threatened Congress monopoly, party machines demanded more money. Meanwhile, the weakening of the central authority of the Prime Minister and the Party President led to indiscriminate collections - some for individual campaigns and some for foreign bank accounts. As the central authority of the Prime Minister and the Party president weakened, freelance collections began, some for individual campaigns and some for foreign banks, leading to a spurt in Hawala transactions.

124. PRIME MINISTER's guilt. Other Side. 138; 1995, 11; 4-5.

No person in his senses will believe that the CBI's failure to investigate the havala case was because it was not convinced about the ramifications and implications of the case. The list of the beneficiaries of the havala racket, conducted by a man with a criminal record, is a who's who of those in the top echelons in India's politics. Prime Ministers, governors, chief ministers and several key bureaucrats have between themselves received money and may at final count, exceed a hundred crore rupees.

--,--,--,--,--, and ADVANI (LK) 1988-91

125. MAZUMDAR (Sudip). Checks and balances: How a little notebook and a tough court touched off New Delhi's biggest bribery scandal. Newsweek. 127, 5; 1996, 1, 26; 16.

Federal investigations charged seven top politicians - including opposition leader L.K. Advani and three ministers in the cabinet of Prime Minister P.V. Narsimha Rao with accepting "illegal gratifications", otherwise known as bribes. According to agents of the CBI, the ledger contained the names and initials of 115 politicians, businessmen and bureaucrats who, between 1988 and 1991, received bribes totalling \$ 18 million. Jain ran a huge, multi-million-dollar money-laundering business, funneling cash from overseas holdings to various centrist and conservative politicians.

--,--,--,--,--, and BUSINESSMEN

126. WILL HAWALA exposure cleanse the system? Democratic World. 25, 3; 1996, 2, 15; 2.

The Jain brothers, the prime accused in the Hawala case were typical businessmen who understood the power of money. Most of the money which was allegedly given to politicians and bureaucrats was collected from

foreign companies in the power sector who wanted lucrative contracts here. The Jain brothers made a bundle out of these transactions is only of secondary importance. But then the beans began spilling following the arrest of two Kashmiri militants in the capital who in their confession named some of the associates of Jain brothers as having financed them through Hawala transactions to enable them to buy arms. However, many see a silver lining in the aftermath of the clouds that have gathered in the Hawala case. By exposing the corrupt way will be paved for the honest and the committed to enter politics which has for long been the fiefdom of only a few.

-, -, -, --, --, and JAIN (SK)

127. KARP (Jonathan). Pain to Jain: Premier Rao could be entangled in corruption scandal. Far Eastern Economic Review. 7, 8; 1996, 2, 22; 18.

The multimillion - dollar money laundering and bribery scandal that broke in India in mid-January hit the country's political establishment with the force of a nuclear blast. But one man seemed above the fray: Prime Minister P.V. Narsimha Rao. Even though some of those indicted were members of his ruling Congress Party, Rao tried to build his anti corruption

credentials by saying he would ensure the investigation was impartial. The opposition has stepped up accusations that Rao too accepted money from businessman Surendra Kumar Jain, who is alleged to have paid 650 million rupees in bribes to politicians in ruling party and the opposition. But perhaps the biggest casualty of the bribery scandal is the trust between the rulers and the ruled.

-, -, -, --, --, -, --, effect on PARTIES, CONGRESS

128. RAMAKRISHNAN (Venkitesh). Congress contretemps. Frontline. 13, 3; 1996, 2, 10-23; 19-20.

The hawala scandal took a sensational and significant turn on January 16 with the filing of charge-sheets by the CBI, what reigns supreme in the Congress (I), the party ruling at the centre is an easy balance of fear. The situation has incapacitated the party in fighting the political challenge. While the extracts released by Vajpayee included Jain's allegations about payments of Rs 3.55 crores made to Narsimha Rao, the Supreme Court order made it clear the CBI cannot fight shy of investigating the matter on the ground that Narsimha Rao's name does not figure in the diaries. The fear that prevented the anti-Narsimha Rao lobby from queering the pitch was of a Cabinet

reshuffle. This hesitation on the part of the opposing lobby has provided Rao and his camp with enough leeway. All the lobbies in the Congress are keeping their fingers crossed in anticipation of the Supreme Court's next step. Every group and individual leader is trying to protect his/her own interest. All have started their own campaigns.

-, -, -, --, --, -, --, ENQUIRY, CBI

129. ALL ON a one-rupee salary. Sentinal. 14, 117; 1996, 8, 10; 4.

The Central Bureau of Investigations which currently has its hands full with having to probe scandals and swindles all over the country. Mr. Rao did not clear the files in the same way as he had put the evidence of the diaries of the Jain brothers in cold some of the cases relating to the hawala deals investigated before the elections. However, the public has, by now, had its fill of has led to any political big-wigs being actually punished.

130. BHANDARI (Bhupesh), ANUP JAYARAM and ZAIDI (Babar). Hawala mess gets murkier. Business World. 15, 23; 1996, 2, 7-20; 66-71.

In diaries recovered in May 1991 by the CBI from

Jain's cousin and employee, J.K. Jain, while investigating into hawala money funding terrorist activities, the payments are meticulously listed down to the last rupee. The diaries showed a receipt of Rs 59.12 crore and a payment of Rs 60.5 crore. The diaries have literally prised open a paradox's box. All expenses are listed under three heads: departmental (bureaucratic), political and others. Jain has told the CBI that most of this money paid out was brought into the country through the hawala route. Rao himself is under a cloud, the spectre of the hawala case could haunt the country's body politic for some time to come.

--,--,--, effect on GOVERNMENT

131. MURALIDHARAN (Sukumar). Hawala scandal: Desultory motions. Frontline. 13, 6; 1996, 4, 23-5; 20-21.

The hawala scandal confronted the Government with a ticklish predicament: after having wallowed in corruption for much of its tenure, the belated awakening of a sense of probity was to be advertised as one of Narsimha Rao's principal qualifications for a renewed mandate. An attitude of cultivated detachment was the P.V. Narsimha Rao Government's strategy of defence against an assertive opposition. But the effort of portray itself as no more than a disinterested

spectator of the investigations into the hawala payoffs scandal only heightened concerns within the opposition ranks. In the event, it all turned out to be no more than hypothetical. But having failed to dent Narsimha Rao's composure in Parliament, the disgruntled elements could well be preparing to take their grievances to a larger forum.

-, -, -, --, --, --, PARTIES, CONGRESS (I)

132. SAKSENA (Rashmi). Crisis driven. Week. 14, 10; 1996; 30-32.

Prime Minister Narsimha Rao was in an upbeat mood. The hawala scam has taken its toll on the Congress chief too though he does not like to show it. With many of senior leader biting the hawala dust, and others assuming an air of false importance, Narsimha Rao is seeking out the middle rung leaders. And he is emerging stronger, unchallenged. The congress chief may well like to convey the impression that he is the man with the broom, sweeping the system clean of corruption alongwith ushering in economic reforms. But it remains to be seen how many takers he can find.

133. SEN (Mohit). Random responses: changed assessment. New Wave. 25, 32; 1996, 3, 24.

The hawala scandal has damaged the reputation of some those in the Congress who might have been considered by themselves or some others as rivals of the Prime Minister or even as aspirants for his office. Some of those tarnished by the Jain brush were his closest supporters while some who could conceivably be regarded as equal in stature to Sri P.V. Narsimha Rao have not been touched at all. No, the hawala revelations are a shaky basis for the electoral optimism of the prime minister.

-, -, -, --, --, ENQUIRY, CBI

134. GHIMIRE (Yubaraj) and BHUSHAN (Ranjit). Hawala: All but the PM's men. Outlook. 11, 10; 1996, 3, 6; 4-6.

The hawala avalanche on February 23 claimed 14 more politicians. Among those chargesheeted were four Union Ministers - R.K. Dhawan, Buta Singh, Kamal Nath and Arvind Nelam and Madan Lal Khurana. In all, 24 politicians have been booked. This figure is likely to go up, as there is talk of fresh chargesheets. But despite moving against top politicians and bureaucrats, the CBI has been careful not to bring the Prime Minister into the ambit of its investigations.

The CBI intimated vaguely to the court that no case could be made against the Prime Minister though his name had come up in the course of the interrogation of S.K. Jain, the key hawala accused.

135. HAWALA FILE still awaits PM's nod: Pressure on Rao to hush up the case. Blitz. 56, 2; 1996, 1, 13; 15.

Top CBI sources said the investigating agency has completed the probe against 17 top politicians including four Union Ministers. Rao, who is under tremendous pressure from his colleagues in the government to sit on the file, is unlikely to oblige, if his past record is any indicator. If the CBI is given the licence to conduct investigations, then there is a strong possibility that the hawala scam can take the shape of the South Korean bribery scandal.

136. NEHRU (Arun). Honesty syndrome. Sunday Observer. 64, 117; 1996, March 31-April 6; 6.

The million dollar question now is whether Prime Minister P.V. Narsimha Rao will play the 'honesty' card and deny tickets to all those Congressmen who have been chargesheeted in the Jain episode. The fact is that the charges are flimsy, and since Rao has said he is not involved the CBI can always be blamed in the future, as

most of those involved would have retired or simply gone away.

137. SARITARANI and SAHGAL (Priya). What now? Sunday. 23, 5; 1996, 2, 4-10; 17-23.

Narsimha Rao is perceived as a Chanakya - like figure who acts with great dexterity and skill against his enemies. This image has led most people to see the hawala chargesheets as a political ploy rather than as a crusade for cleanliness in public life. It was a final, desperate throw of the dice Prime Minister P.V. Narsimha Rao, facing an election that the Congress would lose, decided to stake everything on a bold initiative against corruption. The CBI chargesheeted Rao's political rivals threatened to chargesheet several others and created an atmosphere in which no politician felt secure.

138. SHOURIE (Arun). Fight corruption says the President: But who will do it? Asian Age. 2, 348; 1996, 2, 2; 8.

The hawala case having caught the headlines, Narsimha Rao is going through the motions of taking action, as he is being watched this time by the Supreme Court he is staging a somewhat bigger show. But come two months from now, and he and his CBI will be doing

as much about this case as they are doing about Goldstar today. And the case itself will be lost in the quagnaire of legalisms, of affidavits and counter-affidavits, of adjournments and notices and appeals.

139. WILL THE CBI examine the PM? Organiser. 47, 28; 1996, 11; 3.

The bunch pulled up CBI for the trady progress in the hawala case and referred to reports in the media about selectivity in the investigating agency's work. The CBI's indicment is virtually a criticism of the PM under whose direct charge the agency is functioning. That is why the PM's supporters are nurvous.

-, -, -, --, --, 1991

140. SELLING THE nation. Competition Master. 37, 8; 1996, 3; 672-73.

When a study ranked India as the third most corrupt country in the world, there was no sense of shame or remorse among the political elite of the country because taking money for favours seemed almost to be the right of the elected leaders. It reports how it has eaten into the very institutions that are supposed to protect democracy, describes the legal framework and explains the hawala scandal. Even in the

hawala scandal, though the case dates back to 1991, the newspapers remained silent. In the hawala case, Rao is alleged to have taken Rs 3.55 crore. Whether the allegations are true or not, the fact is that the hawala agents were no strangers to the leaders. In spite of the seriousness of the hawala scandal, it may never have come to light at all. The hawala scandal presents an opportunity for the leadership to face the issue of corruption with finality.

-, -, -, RAMARAO (K Vijya), 1993

141. SARITA RANI, NARAYANAN (KS) and SHARMA (Rajiv). End-game. Sunday. 23, 4; 1996, 1, 28-33; 22-29.

The CBI director, K.Vijya Rama Rao, had a problem; it was L.K. Advani, Rama Rao and Narsimha Rao had spent hours closeted together trying to work out how to proceed in the so-called Hawala scandal. They were ready to act. But the loose ends needed to be tied up. Rao had taken over investigation into the Hawala scandal when the case appeared to be going nowhere. It rested on a diary recovered from J.K. Jain in May 1991. The CBI did little till October 1993, when a public interest litigation was filed before the Supreme Court. There were either 55 or 67 politicians listed in the Jain diary. This was a list that constituted a virtual

who's who of Indian politics; L.K. Advani, Devi Lal, Pranab Mukherjee, Arjun Singh, Buta Singh, Bhajan Lal, N.D. Tiwari, S.R. Bommai, Ashoke Sen etc. The key to the Prime Minister's continued survival, despite the odds, has been masterly inaction. he has maintained a sphinx - like silence and a Budha - like dignity in the face of every adversity. But now he has alerted his strategy.

-, -, -, SUPREME COURT

142. GANGULY (Durbar). More heads roll. Sunday. 23, 19; 1996, 5, 12-18; 12-13.

The Supreme Court was clearly in a punishing mood. When Anil Diwan, amicus curiae in the Havala case, filed a petition about the CBI's inaction against the Governor of Uttar Pradesh and Kerala, the court just stopped short of saying it was fed up of the excuse given by the CBI to delay the Havala investigation. The Supreme Court forced the Governors of Uttar Pradesh and Kerala to resign over the Havala scam. There is no doubt that both the resignations are a set-back for Narsimha Rao.

143. JUDGING INDIA: Will courts adopt a flat tax? Far Eastern Economic Review. 159, 12; 1996, 3, 21; 5.

India is about to celebrate its 50th anniversary

as a democracy with a sobering realization; that despite its exceptional size, religious mix and high powered intellectuals. A favours-for bribes scandal has now taken the political lives of some two dozen top politicians of many parties, paralyzing the government of Prime Minister P.V. Narsimha Rao. The scandal does show that an entrepreneurialism of a sort survives in India. Surendra Jain and his brothers hoped to bribe their way to a business conglomerate - and kept a diary of the nearly \$ 20 million given out in payments. The Supreme Court has licently taken centre stage by forcing the country's Central Bureau of Investigation to pursue charges more aggressively, leading to resignations of seven Rao cabinet ministers and president of the opposition Hindu nationalist party. No doubt this would carry judicial activism in a bit far even for an India in crisis, but it strikes us as a judicious agenda for any political party serious about cleaning up the system.

144. MENON (Venu). Judicial activism must go with judicial vigilance. Sunday Observer. 64, 10; 1996, 8, 11-17; 6.

It was the Supreme Court's pressure on the Central Bureau of Investigation that exposed a colossal politico-economic scam and introduced the word 'havala' to the public. The havala investigation took on the

appearance of a crackdown on Narsimha Rao's political opponents. It may also be necessary for the judiciary to run in its impetus for reform. The Supreme Court has presided over a breath taking range of issues in recent times. It has busted the multi-crore hawala racket.

145. RAINA (R). Fat is on the fire. New Wage. 25, 24; 1996, 1, 28; 7.

If some of the top leaders now stand in the dock, it is not because those controlling the levers of the power wanted to overhaul the corrupt system. The expose has come about because three journalist went to the Supreme Court and asked why the CBI was sitting on the scandal revealed in the hawala trader Surendra Jain's diary, the fat is on the fire. It has taken a long time to bring the corrupt to book. The situation had reached a point where it was bound to boil over.

-, -, SUPREME COURT, JUDGEMENT

146. DYNAMICS OF social change. Mainstream. 34, 20; 1996, 4, 20; 2.

After the Supreme Court through the direct measures taken by the CBI acting under its pressure on the hawala scandal lipped the mask of hypocrisy which persons in authority normally sport to make them presentable before the public at large, the issue of

corruption in high place has once again become the focus of attention in our polity at present. And this already had its impact on the ensuring elections of Eleventh Lok Sabha with the ruling party at the Centre taking a conscious decision not to field any of the hawala-tainted Ministers or ex-Ministers as its official candidates. Now the Supreme Court's insistence that the CBI pursue with vigour its probe into the charges against godman Chandraswami has borne some fruit with the investigating agency filing a chargesheet against him.

147. HAWALA EPISODE. Prout. 7, 3; 1996, January 29 - February 12; 3.

Political corruption is a live issue the world over and the cases are being pursued in all continents. A time has come when India can no longer ignore these subjects. The fact of political corruption has been accepted as an inevitable part of democracy, but a stage has come to prove that there can be democracy without corruption. there are several interpretations being offered for this sudden development, but the obvious reason is that the Supreme Court, which has been seized of the matter for the last six years and has been supervising the investigation into the case on regular left little option to the government.

148. JUDICIAL ACTIVISM has been thrust upon the Supreme Court. Radiance Views Weekly. 31, 13; 1996, 3, 3-9; 3.

The Indian nation is grateful to Supreme Court today for, performance doing what any competent, honest and vigilant government would have done in the normal circumstances. The fact is that it is only functioning within the clear parameters of the constitution. The prophets of doom who have, of late, been sounding alarm bells that a government by the judiciary is the only hope that keeps the oppressed alive. And secondly, the Supreme Court is the last and the highest palladium of justice. Putting on record his perception that "the image of the Indian politician today has nose-dived on account of allegations of involvement in financial scandals as also on account of alleged links with the underworlds.

149. KARP (Jonathan). Appealing activism: Supreme Court takes on politicians, wins public praise. Far Eastern Economic Review. 159, 12; 1996, 3, 21; 17-20.

Most profound is the Supreme Court's crusade against high-level corruption which is rewriting rules of Government of India and upending a long-held assumption that senior public servants are above the law. The courts activism below the lid off the multi-

million dollar hawala, or black money, bribery scandal which had been shielded for a few years in the protective custody of the executive branch. 25 politicians have been indicted, including seven members of Prime Minister P.V. Narsimha Rao's cabinet who have been forced to resign. Surendra Kumar Jain, the businessman at the heart of the scandal, told CBI interrogators last year that he used intermediaries to pass some 30 million rupees to Rao in 1991. The moderate chief justice Ahmadi said fears of judicial tyranny were unfounded, explaining that the court's activism was only a temporary, corrective measure.

150. MALHOTRA (Inder). After the arrest warrants. Hindu. 119, 53; 1996, 3, 2; 8.

Nothing like this had happened in India ever before during nearly half a century since independence, and few had expected it to happen even after the hawala affair had erupted in January with the force of a bombshell. Non-bailable warrants having been issued against 10 leading political figures, including such former cabinet ministers as Madhav Sciendia, V.C. Shukla and Balram Jhakar, the BJP president, L.K. Advani, the former Deputy Prime Minister, Devi Lal; and the leader of the breakaway Congress, Arjun Singh. There

has already been considerable criticism of the Hawala special court's decision to issue non-bailable warrants against high profile politicians caught in the hawala dragnet. But the other side of the coin is that but for judicial activism the hawala outrage, too, might have been hushed up like so many other scandals and scams.

-,--,--, effect on PARTIES, CONGRESS (I), GOVERNMENT

151. BAZAZ MALIK (Gauri). Hawala proves democracy is still vibrant. Radical Humanist. 60, 1; 1996, 4; 45-47.

The scope of the ramification of the case were revealed through the public interest litigation and the Supreme Court judgement of the now famous Jain Hawala case. Thus like an open book, whose last chapter has been reared, the polity in the country is being exposed, one by one, deceitful satans identified. The first Congress government had its share of scandals, hushed and shelved with imperial disdain for public accountability and rare transparency. Even then, as now the politician in power juggled with crores. Jain Hawala case has highlighted the wildest political bureaucrat-business-terrorist cum criminal ramification of such scandals. Scam and scandals have proved that for democracy to remain vibrant, it needs to be watched every day.

-, -, ROLE, VERMA (JS)

152. INDRA JAISINGH. What about security of the courts. Sunday Observer. 64, 119; 1996, 4; 14-20.

Justice JS Verma's recent to the press made during the course of a hearing of the hawala case was not surprising. He requested reporters not to report his comments as if they were his own but to clarify that they were on behalf of all three judges. He has been very vocal on corruption. While political parties are busy making corruption on election issue, none of them have an agenda on putting in place a legal framework to deal with corruption.

-, SECURITIES

153. BHATTACHARYA (SK). Securities scam: The management dimension. Economic Times. 32, 169; 1992, 8, 21; 10.

One of the immediate fallouts from the recent securities scam was the almost knee-jerk reaction from traditionalists that structural changes allowing freedom to lower level people lead to loss of managerial control, and further more to organisational maladies and malfeasance. In the current securities scam, there is enough evidence to indicate that very senior managerial personnel - possibly driven by hallucinations of power and perceived glory of generating large profits at any cost, took decisions

which were not seen to be risky at all. The scam, therefore, provides us with a positive opportunity of re-examining the whole set of managerial assumptions about managers.

154. TIME FOR firmness. Economic and Political Weekly. 28, 51; 1993, 12, 18; 2755.

SEBI investigations also revealed a large volume of intra-settlement circular trading, i.e., the same shares bought and sold by brokers several times during settlement and transactions netted out at the end with a minimum transfer of funds. Clearly, the indications were at another major scam. BSE, like the country's other stock exchanges, is incapable of self-regulation; it is a self-serving institution of the brokers as is evident from its utter inability to curb speculative dealings in the multi-rupee securities scam.

-, -, effect on BANKS

155. CHAKRAVARTI (Sudeep). Bluff, bluster and blame. India Today. 17, 23; 1992, 12, 15; 128-29.

It's a set-up for a classic smoke screen act. And a perfect excuse to settle scores, with some truth and yet unproved insinuation. From all available accounts, this applies equally to brokers, private,

including multinational, banks, public sector banks and mutual funds, private and public sector companies which entrusted bank with large chunks of money in portfolio management schemes. bureaucrats, and politicians. Harshad admits he has done wrong, but others wronged him. He points fingers at Citibank and Hamendra Kothari, the Chairman of D.S. Purbhoodas & Company who has been untouched by the scam. The biggest smoke-screens of them all could be the Government's own role in the scam-whether participant or investigator. Just appointing an all party JPC isn't going to clear it up.

--,--, FINANCIAL, MARKETS

156. SWAMINATHAN (S). Great Indian scam. Seminar. 401; 1993, 1; 56-9.

The scam is about obtaining funds under false representation and deploying them in ways different from declared intentions. The cloak of secrecy surrounding securities transactions is another factor that contributed to the problems. A broker could approach a bank with a proposal to buy or sell a security but refuse to divulge the name of the counter-party bank. If the scam showed up the irresponsible behaviour of the players in the financial system and inability of the RBI to enforce discipline - a

discipline. It had created on the basis of its perception of the needs of a developing financial market, there were another revelations of considerably more grave import.

-, -, ENQUIRY, CBI

157. VERMA (NC). Bank scam CBI Bulletin. 3,3; 1995, 3; 7-11.

The country had never before witnessed a financial fraud of such a great magnitude which ran into several thousand crores of rupees that was siphoned out of the Banking System. Contrary to the general belief that scam was the result of system failure in India it was essentially the result of a systematic and deliberate abuse of the system by unscrupulous brokers and Bank/PSU officials. It involved practically most of the leading Nationalized Banks, Public Sector undertakings, Financial Institutions, Foreign Banks, Private Banks and Stock Market. The CBI took over investigations at a stage when the aggrieved Banks were not in a position even to assess the real extent of their losses or explain the manner by which the huge funds concerned on the other hand disputed out of the banks. In majority of Bank scam cases which reached the stage of finalisation,

charge-sheets have since been filed in the special court of Justice S.N. Variava at Bombay.

-, -, -, JPC (1992) (Chairman: Ram Niwas Mirdha)

158. MIRDHA'S TASK. Economic Times. 33, 155; 1993, 8, 6; 6.

The Joint Parliamentary Committee on the banks scam is going to finalise its report. If the JPC looks only at the scam without looking at the much bigger losses imposed by the politicisation and de-commercialisation of the banking system, it will be missing the wood for the trees. Mr. Mirdha needs to make it clear in his final draft that the rot in the banking system started not just in 1992, not just in Mr. Sinha's time, but two decades ago, after bank nationalisation became an excuse for political interference in the holy name of socialism.

159. SHATTERED SYSTEM. Statesman. 136, 260; 1993, 11; 2.

One can no longer react with a sense of shock to August 25, 1993 scrutiny report by the Reserve Bank on the Central Bank of India. The report will disappoint those who expected that the lessons of the scam would have been learnt. For notwithstanding the Joint Parliamentary Committee draft reports on the securities scandal, the fact is that no action has been taken

against any banker, past or present, though there is voluminous evidence with the RBI against virtually all heads of banks. The crime in Indian banks has been discussed thread bare, with the Government putting up the specious plea of a system failure at a time when the Governor was too busy going round to world, getting global credit to bail the country out of a financial jam. What the ingenious answer this time will be, now that everybody was fully aware of the modus operandi, is something that only the Finance Ministry and the Reserve Bank can answer.

-, -, ROLE, BJP, ENQUIRY, CBI

160. CASE FOR open probe. Indian Express. 60, 294; 1992, 8, 25; 8.

The BJP's demand for throwing up the proceedings of the Joint Parliamentary Committee on the securities scam to the press and the public needs to be seriously considered, both by the ruling party and the Chairman of the Committee. A few highly placed persons like V. Krishnamurthy, the former Planning Commission member and bank managers, Indian as well as foreign, have already been implicated in the present scam thanks to some good work done by the CBI. But far more pertinent is the growing evidence of a deep conspiracy involving

not merely leading brokers like Harshad Mehta but many others in the scam. As for the BJP's demand for the resignation of the Finance Minister and the two Ministers of State in his ministry as well as the Reserve Bank Governor, this might be carrying things too far.

---, DALAL (Niten), ENQUIRY, CBI

161. PATHAK (Rahul), RATTANANI (Lekha) and PARIKH (Daksesh). Arresting finds: Investigators haul in more people, and discover on ever widening net. India Today. 17, 13; 1992, 17, 15; 99-101.

The CBI took a long time to get to Dalal, almost two months after Mehta. The investigators were hesitant to move, fearing Dalal's close links with a number of key industrialists and politicians preferring to wait till three institutions - Standard Chartered Bank or Stanchart, Canbank Mutual Fund and Canbank Financial Services - field complaints against Dalal and his associates, alleging that they were defrauded of about Rs 1,500 crore. The bank says it was difrauded of Rs 890 crore through false bank receipts against payment for fictitious securities, or government bonds, and Dalal is referred to as the person who may have directed the operations from the background. All the transactions

had been handled by Hiten, who admitted having taken sums from the banking account payee cheques. As for Mehta, investigators have finally managed to crack all his computer codes. His floopies, however, remained. Once they were decided the investigators discovered that he had arranged a payment of nearly \$ 500 (Rs 1.5) for Mehta in Zurich. Mehta himself has clammed up. So far, 65 raids have been conducted about his dealings with the State Bank of India and 27 in UCO Bank's case, with dues that the floopies have blutered out. The CBI is taking up the cases bank by bank.

-, -, -, ENQUIRY, JPC

162. PATHAK (Rahul), SIDHU (WPS) and PARIKH (Daksesh). Scam probe: Passing the buck. India Today. 17, 20; 1992, 18, 16-31; 124.

The hearings of Joint Parliamentary Committee (JPC) on the stock scam have become a resounding series of fireworks, lighting up dark secrets and blasting at the citadels of foreign banks, the RBI and even the office of the Attorney-General. The JPC charged Attorney-General G. Ramaswamy with taking an unsecured loan of Rs 15 lakh from the Standard Chartered Bank (Stanchart) in return for legal advice. Stanchart has issued a clarification, backing Rama Swamy and denying

the JPC's reading of the situation. Rao and company, however, remained quite unfazed by the JPC assault. Citibank tried to shift the blame on to others. Stanchart's claim that Citibank owed it Rs 115.69 crore worth of securities in connection with bogus bearer receipts. A member of the JPC has learnt that the nationalised bank gave 'accommodation' of Rs 140 crore to Hiten Dalal for one day through Stanchart. The JPC certainly isn't making any friends. Its list of enemies has burgeoned after it instructed all bureaucrats above the rank of joint secretary to declare their complete shareholdings, including those in the companies of Mehta, Krishnamurthy, and B. Ratnakar.

163. SECURITIES SCAM: The systematic origins. Economic and Political Weekly. 27, 36; 1992, 9, 5; 1891-1892.

In its investigation of the securities scam, the JPC has to go beyond individuals and seek answers to system problems. To do that it has look into the record of the government and the RBI in regard to the formulation of monetary and financial policies and the management of the financial system - not just over the last few months or one or two years, but over a longer period. The detection of the massive fraud in dealings

in securities of banks and financial institutions raises matters of grave importance for the country's financial system.

-, -, -, GOVERNMENT and OPPOSITION PARTIES

164. KIRPEKAR (Subhash). Who's the cat who got the cream? Times of India. 4, 44; 1994, 8, 7; 17.

It is a battle of nerves between the government and the opposition. The action taken report (ATR) on the JPC findings in the multi-crore securities scam has both sides sticking to their guns: the opposition wants the ATR to be withdrawn, the government says that cannot be done. Within the Congress, there has been much turmoil because of the opposition stance. There is a group which wants B. Shankaranand and Rameshwar Thakur to resign but Manmohan Singh to stay. Another group wouldn't mind the Union Finance Minister quitting. But those in the ruling party who have studied the issues carefully point out that the JPC has not identified the beneficiaries of the scam. If Rs 5,000 crore were siphoned off, who has got the loot? After all, the essence of a parliamentary democracy, is debate and discussion. If the government is shielding the corrupt and whitewashing lies and wrong doing, it is the bounden duty of the opposition

to expose it. The nation has a right to know what has gone wrong where only painstaking work by the opposition can help the nation to be better informed.

-, -, -, KRISHNAMURTHY (V)

165. BHIMAL (Shefali), MITRA (Anirudhya), RAI (Saritha), PARIKH (Daksesh) and RATTANANI (Lekha). Krishnamurthy connection. India Today. 17, 16; 1992, 8, 16-31; 81-7.

For close to two decades, he's been India's magic man. The CBI arrested him on August 7 charging him with forgery. He is the latest casualty in a securities scam that has already brought down a cabinet ministers and implicated top stock borkers and brokers. As a chairman he was also the final decision-maker on the bids received. The bids, and subsequent sale to public sector banks, to bid for certain bundles. It is being investigated whether Harshad's largesse of K.J. Investments was partly in return for the tipoffs, and whether Krishnamurthy was associated with other brokers. Krishnamurthy's interrogation will not only yield more information about the securities scam, but also an added dividend for Rao: vital information that will be a new source of power for Rao in controlling the party. Enough to make above - the law bribe - culture bureaucrats think twice before carrying on with business as usual.

-, -, -, MEHTA (Harshad)

166. BULLS IN bedrooms. Economic Times. 30, 149; 1993, 7, 31; 6.

When a crook like Harshad Mehta hurls accusations of corruption against the ruling party, he can because of bias and untrustworthiness. Corrupt politics, pursued over time finally leads to major internal contradictions which tear a political party apart. In India there is not adequate awareness about the cancerous nature of corruption on democratic politics.

167. DALAL (Suchita). Fall Guy. Illustrated Weekly of India. 113; 1993, 5, 3-14; 28-31.

Over the past year, the seamy Rs 4,000 crore securities scam has unravelled how regulations, bureaucrats and politicians either profited from or slept over a cracky and archaic financial system. It has been a murky and depressing story. Unfortunately, exactly one year after the government was joked into initiating an investigation into initiating an investigation into the scam, the silver lining is fast disappearing. Harshad Mehta is still the symbol of the leviation rip-off while the bigger fish have more or less let off the hook.

168. PARIKH (Dakesh), RATTANANI (Lekha), DASGUPTA (Ashok), DASGUPTA (Sunil) and RAVI (AB). rise and fall of Harshad Mehta. India Today. 17, 10; 1992, 5; 3.

Harshad was a stock-broker who became a millionaire by manipulating markets in a way no one had ever done before. It was for him, and anybody associated with him. But now that the game has come unstuck, it is becoming clear that the flamboyant 37-year old Mehta, a fast-talking, fast-dealing high rollar is at the centre of the biggest financial and insider trading scam ever in the country's history. The money involved in the past one year could be as much as Rs 6,000 or more, taken from banks in various ways to play the booming stock-markets Mehta may find the climb out of his predicament more difficult than the ambitious rush to wealth and respect the first time around. It's unlikely that Mehta will ever be the same again, and his mystique is probably washed up for good.

169. SANATORA (Hardev S), PATHAK (Rahul), BHIMAL (Shefali) and PARIKH (Daksesh). Pay-off scandal: Bungling the defence. India Today. 18, 13; 1993, 7, 1-15; 40-43.

A month after stock broker Harshad Mehta dropped his bombshell, the pay-off scandal is still nowhere near being established as the truth or otherwise. The

prime minister has levitated to a rarefied strata as if the change that he accepted the Rs 1 crore bribe is not worth taking seriously. Meanwhile, the bureaucrats incharge of handling his defence stumble from point: whether the Government's stand that Rao was in his South Block Office at 10.45 a.m. On November 4, 1991, is established beyond reasonable doubt. The South Block visitors' records were sent to the prime minister's residence on the night of June 16, the day Harshad made his allegations. Harshad's lawyer Ram Jethmalani could not have scripted the Government's stand better. It has created the suspicious that Rao did meet Harshad, accepted the bribe. The government has claimed that Harshad could not have possibly driven all the way up to OSD (Signal Officer's Diary) R.K. Khandekar's office inside Race Course Road. The weak dinials by the government only help Harshad. The fact of huge cash withdrawals on November 2 and 4 is beyond doubt. The all allegations of a donation have now become a more serious issue of a pay-off with a quid proqua Despite the circumstantial nature of Harshad's allegations, it is clear that bungling on the part of the prime minister's advisors has made the matter murkier.

170. SATYANARAIN. Stock scam exposes chinks in liberalisation policy. Link. 34, 44; 1993, 14; 4-7.

The unprecedented stock market scam involving Harshad Mehta and his Cohorts, important banks and some industrial houses has exposed criminal irregularities in our financial management. It shows the failure of central banking authority while also pointing to a basic weakness of the Government's new economic philosophy. The Government needs to clarify that economic liberalisation does not mean permissiveness. The Finance Minister, far from recognising the post-budgetary "boon" as a mischief of Harshad Mehta tom-tommed it as an instant fruit of his liberal fiscal measures, while some of the lesser try presented it as a miracle".

-, -, -, --, ENQUIRY, CBI

171. PATHAK (Rahul), BHIMAL (Shefali) and RATTANANI (Lekha). CBI: Scam busters. India Today. 17, 17; 1992, 9, 18; 64-67.

CBI carried its buggage of over worked sleuths and bruised reputations into the biggest investigation in its history. Central Bureau of Investigation (CBI) might just crack open the largest financial fraud the country has seen. The CBI was slow to get off the mark.

The agency could have registered the case on its own, immediately. The CBI honed its approach to the case. Every document was circulated to a team of three to four people - a banking expert, a chartered accountant, a lawyer and an investigator. The interrogation technique was vital. The key lay in the clever use of documents. It became a cat-and-mouse game as Mehta tried to figure out exactly how much the CBI knew before volunteering information. The CBI says it has enough material to register several new cases, but it does not want to lose focus. The priority is simply to convict their quarry not going further, not recovering the money. With their recent records of waffling and failures, even that will be no mean achievement.

172. REFORM MARKETS. Times of India. 155, 122; 1992, 5, 22; 8.

The unrepresent tone of the letter sent by Mr. Harshad Mehta, the leading stock broker at the centre of the current controversies, to CBI has the virtue of focussing attention on the reforms that are urgently needed to make our financial markets level playing field for all. A hall-mark of the last boom was broker and promoter talking up the price of a share after the broker had acquired a large stake in it. This would be a classical case of insider trading fit for swift

action, but for the fact that there is no law against it in India as yet. It is for this reason that Mr. Mehta is able boldly to say that he has broken no law.

-, -, -, --, and DALAL (Hiten)

173. NADKARNI (AG). Mother of all Indian scam? Freedom First. 414; 1992, July-September; 15-6.

The problem is not a 'Mehta' or a 'Dalal'. It is clearly a systematic failure. Basic inefficiency and corruption have been the twin accomplishments of the nationalisation of banks. The only medicine for this is denationalisation of the banking industry and free fair ambition. Not since the Mundhra scandal in the 'fifties involving the misuse of life insurance corporation assets in a stock market manipulation has there been a financial fraud on the scale of what has come to be known as the Mehta security scam. The involvement of senior officials of several banks has indeed virtually driven the banking sector to the precipice of disaster and stock into a tailspin.

-, -, -, --, and JPC

174. BHATIA (Ravi). Sleuth's progress. Sunday Times of India. 3, 37; 1993, 6, 13; 17.

· The investigations into the biggest scam ever

were not without a crimony. A year and one month after the Rs 5,000 crore securities scam came to light, the authorities seem to be no closer to figuring out the end use of the money siphoned off from the banking system. The focus has shifted from the huge amount involved in the scam to a meagre sum of Rs 85 lakh which the main accused, Harshad Mehta, is believed to have passed on to a "political figure". The identity of this political figure continues to confound both the Central Bureau of Investigation and JPC probing the scam. Investigations are tedious time-consuming exercises in any case but in this one they were even more complicated.

--,--,--, ENQUIRY, CBI

175. PARIKH (Dakshesh). Harshad cult: Public presence. India Today. 17, 18; 1992, 9, 16-31; 118.

The CBI's delay in framing charges and the continued refusal of the investigating authorities in granting him bail could well turn him into a cult figure amongst the players on the bourses. In some cases Harshad Mehta who had amassed a lot of wealth in many cases Harshad was shown as a gangster raping the country's riches. The different images of Mehta in a way reflect the various feelings of the masses. From a fast emerging cult hero to a villian exposed.

-, -, -, --, -, JPC, 1991

176. JPC MUST assert itself. Indian Express. 61, 254; 1993, 7, 15; 8.

The Joint Parliamentary Committee (JPC) investigating the stock-bank scam has done well to summon records of telephone bills and registers of the anti-sabotage wing and Special Protection Group (SPG) to ascertain whether Harshad Mehta did meet Prime Minister Narsimha Rao on November 4, 1991, as well as the truth of his other allegations. Rao's position will be considerably strengthened and the institution of the Prime Minister saved before the JPC on his own and is cleared by the latter. The credibility of the JPC, as well as sovereign authority of Parliament, of which it is a vital investigating arm, will suffer severe erosion if it fails to summon the Prime Minister despite there being a palpable prima facie case for doing so.

-, -, -, --, REPORTS, ENQUIRY, JPC (1992) (Chairman: Ram Niwas Mirdha)

177. DALAL (Sucheta). Big bull in an India shop: Who got the big buck from the big bull? Sunday Times of India. 3, 37; 1993, 6, 13; 17.

Security market sources reveal that in late 1991 there were rumours in the stock market about political

party funds being invested in the market. Politicians who received pay-offs have even been making thank-you calls to brokers after the JPC hearings for not revealing their names. Several of them must have had to be convinced that the Big bull's crusading zeal will be limited to the single powerful politician and not to the others. A year after the big bull Harshad Mehta was arrested, his offer to reveal a Rs 1 crore pay-off to a top politician, in return for immunity from political persecution has sent the Congress government into a tizzy.

-, -, -, MPs

178. SEN (Subrata). In search of shady deals. Sunday Statesman. 127, 3(S); 4.

For the past several months a clutch of MPs have huddled together, day in and out in a unique experiment in India's parliamentary history. These MPs have been poring over documents digging out facts and grilling witnesses as they probe what is undoubtedly the biggest securities scam the nation has known. Several MPs have been slogging to get to the bottom of the affair - but the odds are stacked against them.

-, -, -, PARLIAMENT

179. SCAM AND superscam. Indian Express. 61, 253; 1993, 7, 14; 8.

It is not surprising that the opposition parties have decided to raise a storm in the monsoon session of Parliament over the Government's programme of public sector disinvestment which has played such a major role in the stock-bank scam. By all accounts, it constitutes a scandal which will dwarf the scam itself when its full dimensions become public. The scam is estimated to have cost the exchequer Rs 5,000, the loss on account of disinvestment programme, which the report of the Comptroller and Auditor General had initially put at Rs 3,300 crore is now estimated at Rs 12,000 crore. In the absence of any other plausible explanation, the public can hardly be blamed for concluding that this is because they have been protected by PM Narsimha Rao and constitute a part of the coterie which surrounds him and exploits him for its own ends.

-, -, -, PRIME MINISTER, NARSIMHA RAO (PV)

180. BADHWAR (Inderjit^{*}) and AGHA (Zafar). Narsimha Rao: Becoming a liability. India Today. 10, 13; 1993, 7, 31; 32-36.

Rao is the unfortunate inheritor of the

syndrome. Most Indians have come to regard all politicians as crooks and will give credence even to charges made against the nation's prajapati by an indicated dalal. His position today is without precedence in post independence Indian history. Partymen are now saddled with a leader who has lost credibility with the public and who may well fund out to be an repeating itself. Right now, for whatever reason, Harshad's charges are striking to Rao and not to the Congress (I). Congressmen know this. They realise that corruption - as in the Bofors case is not just an elitist concern but a very powerful gross roots issue. They do not want a repeat of this. No Congressman wants to go to the hustings suddled with a leader who is on the defension. The mansoon session will be critical as it will access how much more damage Rao has suffered. But the problem that senior partymen are now struggling with is whether it will be worth the risk to go for the Assembly elections with Rao as a discredited leader, something that the BJP is banking on to exploit to its own advantage.

181. BOBB (Dilip) and AGHA (Zafar). Allegation: Fact or fiction. India Today. 18, 13; 1993, 7, 1-15; 32.

Harshad Mehta's charge that he had paid Rs 1

crore to Prime Minister Narsimha Rao is a potential time bomb. Harshad's account of the meeting and the details he provides in the affidavit, seem on the face of it, authentic enough. There seems little doubt that he did - at some stage if not on November 4, 1991, as he states - meet Rao at Race Course Road. In fact Rao has not so far denied having ever met the broker. The Harshad camp has dropped broad hints that it is in possession of "clinching evidence" to prove the allegations. Rao may have survived the immediate threat but not the imminent one. A change of leadership, at the appropriate time, is already in the script being written in the backrooms of Delhi's power elite. The only regret will be that it took a suspected swindler to pull the trigger.

182. COME CLEAN by trial, not Denial. Competition Master. 38, 2; 1996, 9; 116.

Oscar wilde has said that a cynic is a person who knows the price of everything but the value of nothing. Right from the on-going political games being played by the former Prime Minister, Mr. Narsimha Rao has followed a three-dimensional strategy: silence, ambiguity and denial. In the sordid "suitcase" episode, Mr. Rao maintained a prolonged silence which he broke with a classic pronouncement. The people of the country

want him to come clean this time by a trial, not a denial.

183. PARIKH (Doksesh), RATTANANI (Lekha) and MEHTA (Sunil). Securities scandal: In their own world. India Today. 17, 18; 1992, 9, 16-30; 114, 118-119.

The genesis of the scam began in 1988-89. Willing to risk exposure, the division even at that time was believed to be lending clean - jargon for lending without adequate securities - funds from portfolio management schemes (PMS) to corporate clients. While PMs clients were offered yields ranging between 11 and 11.5 percent, lending was done at Mehta and his company deals. In case of short-term funds accepted from clients - in clear violation of RBI guidelines on MPs which prohibit banks from accepting funds for a period less than a year - the bank in its books of accounts would show spot sales of securities through issue of the bank's BRs. The same securities would then be shown as purchases effected with another party, the dummy. For dummy contracts, the parties recorded are UNO Bank, Canfina, the merchant banking arm of Canara Bank, and Canara Bank itself. The Janki raman Committee is interpreting transactions. And CBI is tracking down the offenders, which could take a while. But RBI is in a position to take action if it

wishes considering the Committee is essentially on RBI exercise.

184. VASFI (S Ausaf Saeed). Rao's 4 years in office. News Weekly. 2, 44; 1995, 11, 6; 5.

Harshad Mehta alleged that Rao bribed none other than Prime Minister to get his deeds through. But in tow came scandals and scams involving crores of rupees. The architect of multi-crore scandal. Mr. Rao has refused to listen to the Joint Parliamentary Committee (JPC) recommendations in the sugar scam. So he has almost stalled the baring of the hands behind the Bofors scandal involving Rs 64 crore-pay off.

--,--,--,--,--, and MEHTA (Harshad)

185. MADHAVAN (K). Harshad's charges against PM: The ball is in CBI's court. Indian Express. 61, 245; 1993, 7, 6; 9.

The allegation by Harshad Mehta that he paid Rs 1 crore to Prime Minister Narsimha Rao has four aspects - Political, JPC, Civil and Criminal. Mehta stated that he had paid Rs 1 crore to the Prime Minister in two instalments. His allegation may or may not be true. The CBI has a statutory duty to look into the allegations. As against this, not enquiring into or investigating this case would be a tragedy. If Mehta is lying, his goose must be properly cooked. If he is

telling the truth, then the natural legal consequences should follow. Harshad Mehta is a proved fraudster and therefore no enquiry need be done on any allegation openly made by him would be wrong.

186. PALKHIVALA (Nani A). India's leadership crisis: PK in office but not in power. Times of India. 156, 149; 1993, 6, 24; 8.

India is no exception to the world trend - a plethora of politicians and paucity of statesman. At present it is impossible to say definitely whether the tainted money charged hands or whether Mr. Harshad Mehta was only trying to divert attention from the enormity of his own misdeeds. If the allegation of the payment having been made is false, it is clearly not enough for the Prime Minister to deny it.

187. SANGHVI (Vir). Travesties of justice. Blitz. 56, 3; 1996, 1, 20; 3.

Harshad Mehta's case is even more complicated. Despite the huge publicity accompanied his arrest, nobody has been able to explain to me whether the alleged wrong doing was in fact, market-practice as he claims. Was he a swindler or did his assets always exceed his liabilities? The truth still remains obscure

but of one thing there is no doubt: Harshad's life is destroyed. After all, just because Harshad Mehta claimed to have given Narsimha Rao a suitable case containing Rs 1 crore, it does not follow that Rao is a crook. The word of an arrested or desperate man can hardly be regarded as serious evidence.

188. RAMACHANDRAN (Shastri). Can the Congress survive Rao? Illustrated Weekly of India. 113; 1993, June 26 - July 2; 10-14.

The question of whether the Congress can survive Narsimha Rao had been a recurring nightmare for the party bosses much before the Big Bull gored the soft underbelly of the Congress. Harshad Mehta's allegations threaten to shatter a party this is already in disarray. Even without the Bombay stockbroker's sensational disclosure that he had paid Rs 1 crore to the Prime Minister, on the eve of Nandyal by election, neither Rao nor the party had cause to celebrate two years in office. Mehta's sensational disclosure has jolted the party into walking up to the fact that the end could be sooner than it suspected. A shell shocked party, already a drift in a sea of troubles, is now forced to decide whether it should sink with Rao or swim away by clutching at any straw in sight.

-, -, -, RAMASWAMY (G)

189. PATHAK (Rahul). G Ramaswamy: Under fire. India Today. 17, 20; 1992, 10, 16-31; 125.

The Attorney General had obtained Rs 15 lakh from Standard Chartered (Stanchart), one of the banks involved in the scam. Ramaswamy hit back after a short silence. The bank had done him no favours, he said. It had only extended him an overdraft facility to the tune of Rs 15 lakh and charged him a steep 21 percent interest on it. He had not advised stanchart on legal affairs. The CBI has been examining his relationship with former Planning Commission member V. Krishnamurthy and of the business ties between their sons. Ramaswamy has written letters to the Prime Minister and law minister, clarifying his stand on various issues. He says, if the PMO or the law Ministry give him the slightest hint that they have found his conduct to be suspect, he will put in his papers.

-, -, -, RANGARAJAN (Chakravorty)

190. CHARAVORTY (Nitya). Banking reformer. Hindustan Times. 543, 360; 1992, 12, 18; 10.

For Chakravorty Rangarajan who took over as Governor of the Reserve Bank of India last week after a 16-month tenure as a member of the Planning Commission, it was like a home coming though the home was in the thick of

a controversy on its role and responsibility in the bank securities scam. The choice fell on him at a time when the JPC is more than half way through in its probe into the Rs 4000 crore scam. The financial sector is at present passing through a period of transition. As the sector becomes more cosmpetitive and globalisation takes place, the sector has to reorient itself to meet the new needs arising out of liberalisation of the economy. Rangarajan has been given the unique opportunity of implementing the very reforms which he himself has been suggesting for the last five years.

-, -, -, REPORTS, ENQUIRY COMMITTEE (1992) (Chairman: Ram Niwas Mirdha)

191. REGRETTABLE STALEMATE. Times of India. 157, 181; 1994, 8, 2; 10.

The scam has inflicted a crippling financial loss on many individuals and organisations. In the hurry to nail the offenders some innocent persons have been trampled upon while many of the guilty have escaped with impunity. Many players in the game have enriched themselves with the investigating agencies so far unable to trace where the money has gone. In the name of libralisation, foreign banks have wroght havoc on the banking sector, while nationalised ones have

done so in the name of socialism. Several ministers have been indicted for interfering in arrived at consequentially like that of the JPC, deserves more visible and resolute action by the government. All this does not, however, justify the opposition's stale strategy of continuously disrupting parliament.

192. SIDHU (WPS). Joint Parliamentary Committee: Stumbling on. India Today. 17, 18; 1992, 9, 16-30; 67-68.

For a seasoned politician like P.V. Narsimha Rao, pushed into a corner by constant opposition heckling on the multi-crore securities scam, the Joint Parliamentary Committee (JPC) provided the ideal instrument with which to buy time. With the setting up of the JPC, Rao also hopes to establish the sincerity of his intentions in getting to the bottom of the scandal. Honest intentions apart, the JPC has still to establish its separate identity, despite clearly laid down terms of reference. According to these, the JPC is to fix responsibility, identify the misuse and failure of the system; make recommendations for the elimination of such failures; and suggest changes in policies and regulations to be followed in the future JPC members, themselves however, are optimistic that such situations will not arise if the CBI shares information with them.

-, -, -, SINGH (Manmohan)

193. BARU (Sanjaya). Separate realities. Sunday Times of India. 4, 44; 1994, 8, 7; 17.

While the corporate and financial world reacted nervously to Manmohan Singh's offer to quit in December 1993, it has responded more calmly this time. The Prime Minister may have crafted a scenario in which Singh's exit will not destabilise his economic policy. The problem with Singh is that despite his sartorial transformation, his frequent references to "my party", and his willingness to participate in party political events, he is still viewed as an outsider by the party. In some ways, Singh has exposed himself to criticism from both sides on this issue.

194. NADKARNI (Shirish). No happy endings. Business India. 113; December 26, 1992 - January 1, 1993; 12-5.

Apart from making more than Rs 3,000 crore vanish in a mess of forged bank receipts and undelivered share certificates, the biggest financial fraud of the century also whipped off a mind boggling Rs 145,000 crore in market capitalisation of shares. It has been a year of ups and downs. The government's game plan to put India on the world map succeeded, but it was the stock scam of the century rather than Manmohan Singh's much flaunted economic policy which made us a household name.

-, ST. KITTS, ENQUIRY, CBI, 1989

195. WHITTER INDIA? Azad Academy Journal. 11, 3; 1996, 3, 1-31; 1.

From St. Kitts episode to Vohra Committee report to Hawala scandal the impression in the public mind is that of an obiquitous story of corruption and criminalisation of the top bureaucrats and politicians. The St. Kitts controversy first surfaced in 1989. The secret report on the edisode was submitted to the government by the CBI. Its contents were not disclosed by any government, but the information available with the newspapers suggested that the CBI not only detailed the full story in its 141 pages report, it also listed all the dramatic personal involved in the case. No open investigation was carried out thereafter and the matter was forgotten.

-, -, ROLE, NARSIMHA RAO (PV), ENQUIRY, CBI

196. CBI SIELDING Rao. People's Democracy. 20, 13; 1996, 3, 31; 7.

The CBI's attempt to minimise the role of Prime Minister Rao in the St. Kitts forgery case is nothing but a blatant attempt to cover up his serious misdemenour. The CBI deny that these were forged documents to falsely implicate the son of Shri V.P. Singh by a criminal conspiracy. One of the main conspirators in this case was none other than

Chandraswami. It is amazing that contrary to the CBI's own investigation report which shows Mr. Rao's full complicity in the fabrication of the documents, the CBI has sought to let him off the hook.

197. ST KITTS affair. People's Democracy. 20, 6; 1996, 2, 2; 3.

The Prime Minister has been caught again. Close on the heels of the hawala bribes, it is now. Mr. Rao's role as foreign minister in the shameful St. Kitts forgery of 1989. It was anybody's guess how important a role Narsimha Rao played in the St. Kitts conspiracy of 1989. The matter was hatched by Rajiv Gandhi government, accusing V.P. Singh's son Ajeya Singh, of maintaining an undisclosed bank account in the Caribbean island of St. Kitts. The real target was V.P. Singh who allegedly was the beneficiary of that undisclosed fund. Among the dramatis personae in both these cases, the 'godman' plays the key role, with the Rao-godman duo forming the core of the drama in both cases. In both the cases, official spokesmen of Congress (I) party dismissed the charges as 'baseless', the 'flagging a dead horse'.

198. NAYAR (Kuldip). Politicians should never, ever be let off. Sential. 14, 114; 1996, 8; 7.

Scandals in India have no end. A new one breaks out every third day. And what does make out when reports are that V.P. Singh may refuse to testify against Rao in St. Kitts case. Rao was then the Minister for External Affairs, and had ordered his officers to authenticate the forged signature of Ajeya Singh, to have a bogus account opened in his name. When V.P. Singh was the Prime Minister he had reportedly struck off the name of Rao from by the CBI before the court. The bureaucrats, indeed, can pull the nation out of the guagmire of corruption and nepotism it has got stuck in because of motivated decisions by dishonest politicians.

-, -, --, -, -, CBI, 1989

199. KHOSLA (Shayam). Rao's hand in St. Kitts forgery. Organiser. 47, 29; 1996, 2, 18; 3.

The secret report prepared after painstaking and through investigations into the activities of all the dramatis personal involved in the St. Kitts forgery shows that Rao asked India's Counsel General in New York R.K. Rao, to authenticate certain documents signed by George McLean, Director of the First Trust Corporation

Ltd., of St. Kitts. The CBI has established that Rao made several calls from his hotel room to a telephone number which happened to be that of international arms dealer Adnan Khasnoggi who is known to be a close associate of Chandraswami tantrik the self styling. The St. Kitts conspiracy is on a different footing than the Jain hawala case. The conspiracy in 1989 was aimed at defaming Singh to deprive him and the opposition of using the corruption issue in the elections.

-, SUGAR, IMPORTS

200. BECOMING VISIBLE. Fron tier. 27, 21; 1994, 12, 31; 1.

Post-GATT India is rocked by sugar scam. The Congress party may derive some comfort from the fact that the organisational crisis stemmed from the poll debacle has been replaced by the SUGAR crisis over which it has full sway. With sugar getting much currency, what is being ignored by the political opposition is the shape of the next budget. For India even limited globalisation has already further widened the chasm between the rich and the poor. Prices of essential commodities are rising abnormally before the budget season and, sugar would taste more bitter even in the absence of any scam.

201. REKHA (Shefali) and SRINIVAS (Alam). Great sugar scandal. India Today. 19, 12; 1994, 6, 30; 42-56.

When a politically sensitive issue is governed by an irrational policy and regulated through an army of bureaucrats, a scandal of huge proportions is almost inevitable. Besides sugar combines the essence of power and money. The Government's decision in early March to put sugar on the Open General Licence (OGL) for duty free imports stumped many, for it came unexpectedly. It was also the first acknowledgement of the need to import. With the decision came a steady rise in sugar prices. Sugar in retail stores in the capital crossed Rs 18 per kg. in the first week of June, up from Rs 12.50 in September last year. Consumers had to pay this extra amount because of an inexplicable delay in international prices from \$ 280 to \$ 360 to a tonne FOB (free on board), last year. The national exchequer lost Rs 650 crore. In India the largest producer and consumer in the world, the industry is controlled to a large extent by the government. The shops under the public distribution system (PDS) and the remaining is sold in the open market. With prices increasing, the ghost of inflation seemed to be reappearing though without much justification since sugar forms only 2% of the whole sale price index. But the potential for the political trouble is great. Since the controversy was taking an

ugly turn, there was talk of corruption, a scandal, perhaps even a financial scam.

202. SUGAR MUDDLE. Patriot. 17, 15; 1994, 6, 3; 4.

The sugar muddle is becoming curiouser and curiouser. If any thing, it provides yet another example of how we have developed expertise in complicating a simple issue of import of an item to meet the gap between demand and supply. It is like hordes of ants rushing on the trail of sweet by mere smell. It is significant that in the triangular game between the sugar industry, the government and officials, the industry has been a silent spectator. This is evident from the domestic sugar price which shot up from about Rs 10 a kg around December last to Rs 18 a kg at present. The whole episode conjures up wired scenes of huge money bags changing hands; and tongues will naturally become free in such a situation. Related to the import failure is also other criticism concerning import price being fixed in rupees. These charges have wide implications with far-reaching ramifications.

-, -, -, effect on INDUSTRY, 1994

203. SUGAR UNITS plead for exports. Monthly Commentary on Indian Economic Conditions. 36, 11; 1995, 6; 16-17.

Last year's (1994) sugar scandal due to delayed decision and execution of sugar imports for the public distribution system. It may be recalled that against the Food Ministry's suggestion on January 24, 1994 to import one million tonnes on Government account, the Cabinet Committee on prices, much later, on March 9, 1994 permitted duty free sugar imports under open general licence, enabling private parties to import sugar. It was much later towards the end of May, 1994 that public sector agencies were authorised to import at the then prevailing substantially higher prices causing the nation a loss of Rs 157 crore as per the assessment of the Gian Prakash Committee.

-, -, -, impact on PRICES

204. SRINIVAS (Alam). Sugar stocks: Delayed decisions. India Today. 19, 11; 1994, 6, 15; 114.

Of the total sugar produced in the country, a third is distributed through the public distribution system and is called levy sugar. The rest is sold in the open market. Even the non-levy sugar stocks would have been insufficient to meet the demand. In case of non-levy sugar, around 5.5 lakh tonnes are released

each month. Sugar prices were bound to go up, the government decided to import sugar to cover up for the short fall. The Commerce Ministry wanted imports to be canalised through government trading agencies, but bureaucrats in the Food Ministry wanted the FCI to import sugar. The Finance Ministry wanted to impose a 10 percent import duty on the sugar which was opposed by Minister for Civil Supplies A.K. Anthony. This may have an impact on prices.

-, -, -, ENQUIRY, CBI

205. ENGINEERD SUGAR crisis. Hindustan Times. 71, 455; 1994, 6,7; 11.

Since the enquiry ordered by the Prime Minister into the sugar import bungle is seen largely as a holding operation to deflect a combined opposition attack in Parliament next week. Chances of the full ramifications of the induced shortage being brought out are not rated high. The most significant aspect of the sugar crises is the deliberate stalling of imports even after it became evident that the short fall of eight lakh tonnes in domestic production could not be met otherwise. The one whose share of blame in this respect is the largest is the Minister of State for Food who did not consider the idea of imports when officials in the Ministry underlined the need for it as early as

November 1993 If government agencies had struck import deals to the tune of one million tonnes to keep the public distribution system going at the beginning of the year before letting in private traders under OGL, both global prices and speculative tendencies at home could have been curbed.

206. SUGAR MUDDLE. National Herald. 14, 59; 1994, 6, 3; 4.

The controversy over the import of sugar is becoming thicker and increasingly complicated day by day. The reported refusal of Finance Minister Dr. Manmohan Singh to subsidise imported sugar has made the matter more complex. The unsavoury sugar episode about which the last word is yet to be heard raises several basic questions apart from exposing the functioning of some crucial ministers. The government agencies have and are perhaps continuing to import sugar at a very high price while the private sector is importing at a reasonable price. The open market imports may result in the government agencies being unable to market their imported sugar. The immediate task is to stop all the sugar imports by the STC. MMTC and the FCI order a CBI inquiry into the sugar muddle and take action against those who acted wrongly. Before the issue goes out of hand.

-, -, -, 1993-94

207. MEHTA (Balraj). Sugar muddle. Triobune. 114, 189; 1994, 6, 7; 10.

The sugar muddle indeed puts yet another lurid light on the nature and method of functioning, in fact systematic malfunctioning under the present political policy dispensation. It is quite remarkable that the level of sugar production in 1993-94 has gone through a series of what can only be called questionates and, consequently, several policy adjustments. The government administration, at its highest levels, however, has acted in a manner to make confusion worse confounded. The sugar producers and traders as well as foreign experts have in these conditions made hay while high official quarters have been found to be silly and squabbling.

208. SUGAR: Government tilt towards free sale. Monthly Commentary on Indian Economic Conditions. 37, 3; 1995, 10; 22-7.

During 1993-94, sugar output suffered a severe setback, but the monthly quota releases levy and free sale were by and large, maintained at satisfactory levels. In 1993-94 imports were effected to meet the sizeable gap between production and nearly 97 lakh tonnes

and distribution of 113 lakh tonnes for consumption. This was the case during the first quarter of 1994-95, when the wholesale sugar price spurted to Rs 16-17 per kg in the Bombay market and to nearly Rs 20 per kg at the retail level. The so-called "sugar imbroglio" of last year had forced the government to import a good quantity of it for meeting the domestic needs.

-, -, ROLE, ANTHONY (AK)

209. ANTHONY QUITTS cabinet. Asian Recorder. 41, 2; 24498.

Civil Supplies Minister A.K. Antony resigned December 14, 1994, from the Cabinet protesting against the remarks about the functioning of his ministry in the sugar import probe report. Meanwhile, 11 "localist" ministers have offered to resign to enable the PM to reshuffle the cabinet. The Gian Prakash Committee, which probed the sugar scandal, has held Minister of State for Food Kalpnath Rai "fully responsible" for crisis besides upbraiding the State Trading Corporation for what it termed "professional incompetence". The ministers called on the PM and told him that they were prepared to resign so that he could reconstitute the cabinet and revamp the party.

-, -, IMPORTS, ROLE, OPPOSITION PARTIES

210. PROBE INTO sugar scandal. Radiance. 24, 37; 1994, 8, 31-6; 2.

The opposition charged the government of a huge scandal in the import of sugar. According to political observers, the delayed probe has been prompted more by political expediency than only concern for probity. The government has effectively stalled the probable opposition demand for a joint Parliamentary probe. The government however, has made it abundantly clear to the opposition that it is not going to take any action against the indicted Ministers like the Finance Minister, Manmohan Singh, the Union Health Minister, B. Shankranand and the Union Rural Development Minister, Rameshwar Thakur. They have already tendered their explanations to the Parliament.

-, -, -, PRIME MINISTER'S OFFICE, REPORTS, ENQUIRY

COMMITTEE (1994) (Chairman: Gian Prakash)

211. ANUP JAYARAM. Bitter buck stops now where? Business World. 14, 20; 28 December 1994 - January 1995; 62-66.

For two months, the Prime Minister's Office (PMO) sat on the Gian Prakash Inquiry Committee report on the sugar import scandal. The sugar imports scandal has led to the resignation of Civil Supplies Minister A.K. Antony, and

rattled the Congress (I) government. The opposition began screaming for the heads of tainted ministers and bureaucrats. The denouement in the drama of certainly some way off. And the government may find that sweet endings may not be happy endings.

-, -, ROLE, PRIME MINISTER, NARSIMHA RAO (PV)

212. IN THE ring of the flame. Business World. 14, 20; 28 December 1994 - 10 January 1995; 1.

Crisis are usually an opportunity to break with the past P.V. Narsimha Rao has shown that himself, with the manner in which economic policy was turned around in 1991. Now, the electoral setback for the Congress and the sugar scandal present a chance to turn a new leaf on another front: corruption. The danger is that Rao will try to manoeuvre and manipulate his way out of this mess, as he has in the past. But would turn tragedy into disaster, for the Congress would lose its credibility on an issue that the entire country is now focused on. After all, sugar prices touch everybody's pocket.

-, -, IMPORTS, ROLE, PRIME MINISTER, NARSIMHA RAO (PV)
and MINISTRY (Food)

213. SUGAR SCANDAL again. Janata. 49, 14; 1994, 6, 12; 2.

The present sugar scandal under Narsimha Rao government arising out of delayed sugar imports and

racketing prices of sugar has a striking resemblance with the sugar scandal in 1989 under Rajiv government. The latest sugar scandal has also exposed in the most glaring way a total lack of coordination between the Prime Minister's office and Food Ministry. The PAC may undertake this scandal. It is here that a determined opposition in Parliament and a vigilant public opinion outside must assert itself so that guilty men of the sugar scandal are brought to book the bitter history of the sugar scandal is not allowed to repeat itself again and again.

--,--,--,--, and PUBLIC ACCOUNT (Committee) (1993-94)

214. PM AND sugar scandal. Janata. 49, 35; 1994, 12, 25; 1.

The present sugar scandal has a striking similarity with the sugar muddle in 1989 which was then referred to the Public Account Committee (PAC) of Parliament. Almost the same history with some variations has been repeated in 1993-94 with total unconcern by the top echelons of the government. The responsibility for the present sugar scandal falls on the various shoulders. But the greatest culprit in this sugar muddle seems to be the PM's office. In the entire sugar muddle the onus of responsibility obviously devolves the PM's office and for the PM himself must

share the main responsibility. The PM had shown that he had no such calms of conscience in this matter.

--,--,--,--,--,--, REPORTS, ENQUIRY (Committee) (1994)

(Chairman: Gian Prakash)

215. ANSARI (Javed M). Sugar scandal: An unsavoury mess. India Today. 19, 21; 1994, 11; 1-15.

Even in a country numbed by bungling and passing the buck by ministers and bureaucrats from every thing, from handling the plague situation to pay off in government deals, the scandal over sugar imports earlier this year presented yet another example of a system used and misused. The reason leaks from Prime Minister P.V. Narsimha Rao's close circles that he has expressly forbidden the release of the report on the affair by the Gian Prakash Committee - a one man inquiry chaired by the former Comptroller and Auditor General of India. And selected leaks which inturn seek to damn Minister of State for Food Kalpnath Rai, Commerce Secretary Tajendra Khanna and recently retired cabinet secretary Zafar Saifullah. The muddle has cost the country about Rs 650 crore through opportunities lost and rising the price in the international markets. In this mess , and speculation over the Gian Prakash Committee report ever seeing the light of day, it is

easy to overlook the statement of Manmohan Singh in the CCP of April 8, that an independent survey of the shot fall by the Food Ministry would have been useful to counterinvested interests, perhaps the most severe statement on the scandal. The truth is, while everybody acted frenzied, they moved slowly, in one way or another.

--,--,--,--, ENQUIRY (Committee) (1992) (Chairman: Gian Prakash)

216. SWAMI (Praveen). Sweet lies: Unanswered questions in the sugar scam. Frontline. 12, 1; 1994, 12, 31; 125-27.

Gian Prakash was being ordered to deal with the scandal in terms of erroneous sugar supply estimates and a mismanagement of imports. The hole at the centre of the Gian Prakash report is its unwillingness to fix blame. A task that would have involved tracing the causal forces that propelled the scandal back to the Prime Minister's office. Gian Prakash himself acknowledges when he describes Rai as being "entirely responsible" for the scandal, the argument that collective failures enabled it is implausible. Kalpnath Rai's reported threat to "expose" the Prime Minister if his resignation was demanded, when read with the body of evidence brought out by Gian Prakash, becomes an observation of compelling force, demanding a response.

-, -, IMPORTS, ROLE, RAI (Kalpnath)

217. CLEARING THE doubts. National Herald. 26, 6; 1994, 6, 15.

The debate on sugar imports was on expected lines in the Lok Sabha. By defeating the adjournment motion tabled by the opposition with a convincing margin of 40 votes, the House has expressed its confidence in the government on the issue. Thanks to the sugar muddle enough detailed work has been done on this aspect and it is established that the fall in production this year would be about 10 percent of the record output of 132 million tonnes in 1992. At the same time efforts are needed to introduce on a large-scale high yielding high-sucrose variety of cane to improve sugar production. The government must take every effort to fulfill the assurance of Mr. Rao that sugar prices will decline.

218. MURTHY (Sachidanand). Down to a whimper: The man who could abuse in a torrent is now scared. Week. 14, 10; 1996, 2, 25; 36-7.

Silence has never been a strong point of Kalpnath Rai in his long political career. The 'sugar daddy', as he was called during his controversial

tenure at the food ministry, was a man who spent last year privately venting his splee against the Prime Minister, his key aides, politicians and bureaucrats. In the just developing sugar scandal, key decisions on its import and release into the public distribution system were deliberately delayed even as sugar prices jumped from Rs 12 a kg to Rs 20. Even if Rai were to come out with his long-delayed bombshells, there is a big question mark of credibility, since it would have been made by a person charged with corruption as well as harbouring terrorists.

PART - THREE

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LIST OF PERIODICALS

<u>Name of Periodicals</u>	<u>Frequency</u>	<u>Place</u>
1. Asian Age	Weekly	Delhi
2. Asian Profile		
3. Asian Recorder	Weekly	New Delhi
4. Azad Academy Journal		
5. Blitz	Weekly	New Delhi
6. Business India	Fortnightly	Bombay
7. Business World	Fortnightly	Calcutta
8. CBI Bulletin	Monthly	New Delhi
9. Competition Master	Monthly	Chandigarh
10. Dalit Voice	Bi-monthly	Bangalore
11. Democratic World	Fortnightly	New Delhi
12. Economic & Political Weekly	Weekly	Bombay
13. Economic Times	Daily	New Delhi
14. Economist	Weekly	London
15. Far Eastern Economic Review	Weekly	America
16. Financial Express	Daily	New Delhi
17. Freedom First	Quarterly	Bombay
18. Frontier	Weekly	Calcutta
19. Frontline	Fortnightly	Madras
20. Hindu	Daily	Madras
21. Hindustan Times	Daily	New Delhi
22. Illustrated Weekly of India	Weekly	Bombay
23. India Abroad	Weekly	New Delhi
24. Indian Express	Daily	New Delhi
25. India Today	Fortnightly	New Delhi

26.	Janata	Weekly	Bombay
27.	Link	Weekly	New Delhi
28.	Mainstream	Weekly	New Delhi
29.	Monthly Commentry on Indian Economic Conditions	Monthly	New Delhi
30.	National Herald	Daily	Agra
31.	Nation and the World		
32.	New Age	Weekly	New Delhi
33.	New Wave	Weekly	New Delhi
34.	News Week	Weekly	New York
35.	NewsWeekly	Weekly	
36.	Organiser (Weekly)	Weekly	New Delhi
37.	Otherside		New Delhi
38.	Outlook	Weekly	New Delhi
39.	Patriot	Daily	New Delhi
40.	People's Democracy	Weekly	
41.	Pioneer	Daily	New Delhi
42.	Pratiyogita Kiran	Weekly	New Delhi
43.	Prout	Weekly	New Delhi
44.	Radiance	Weekly	New Delhi
45.	Radical Humanist	Monthly	Noida
46.	Rashtriya Sahara	Monthly	Bombay
47.	Seminar	Monthly	New Delhi
48.	Sential		
49.	Statesman	Daily	Calcutta
50.	Sunday	Weekly	Calcutta
51.	Sunday Observer	Weekly	Bombay
52.	Telegraph	Daily	Calcutta